RAY NKONYENI
MUNICIPALITY

The Game changer of South Coast development

KZN216

RAY NKONYENI LOCAL MUNICIPALITY

FINAL BUDGET AND MTREF 2019/20

PREPARED BY: BUDGET AND TREASURY OFFICE

Table of Contents

PART 1 – BUDGET

1. Mayor's Budget Speech
2. Resolutions
3. Executive Summary
4. Consolidated Overview
5. Operating Revenue Framework
6. Operating Expenditure Framework
7. Capital Expenditure

PART 2 –ANNUAL BUDGET TABLES

8. Annual Budget Tables
9. Municipal Managers Quality certificate

PART 3 – SUPPORTING DOCUMENTATION

ANNEXURES

Annexure 1 Tariff of Charges
Annexure 2 Budget Related Policies

1. Mayor's Budget Speech
Refer to attached Mayor's Speech

2. Resolution
Refer to attached Council Resolution

Glossary

Adjustments Budget – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

Allocations – Money received from Provincial or National Government or other municipalities.

Assessment Rates – Local Government taxation based on an assessed value of a property. To determine the rates payable, the assessed ratable value is multiplied by the rate in the rand.

Budget – The financial plan of the Municipality.

Budget Related Policy – Policy of a municipality affecting or affected by the budget, such as the tariffs policy, rates policy and credit control and debt collection policy.

Capital Expenditure – Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's Statement of Financial Position.

Cash flow statement – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it scores as expenditure in the month it is received, even though it may not be paid in the same period.

DORA – Division of Revenue Act. Annual piece of legislation that shows the amount of allocations from national to local government.

Equitable Share – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

Fruitless and wasteful expenditure – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

GFS – Government Finance Statistics. An internationally recognized classification system that facilitates like for like comparison between municipalities.

GRAP – Generally Recognized Accounting Practice. The new standard for municipal accounting and basis upon which the Annual Financial Statements are prepared.

IDP – Integrated Development Plan. The main strategic planning document of the Municipality

KPI's – Key Performance Indicators. Measures of service output and/or outcome.
MFMA – The Municipal Finance Management Act – no 53 of 2003. The principle piece of legislation relating to municipal financial management.

MTREF – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous and current years' financial position.
Operating Expenditure – Spending on the day to day expenses of the Municipality such as salaries and wages.

SDBIP – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Strategic Objectives – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

Unauthorized expenditure – Generally, spending without, or in excess of, an approved budget.

Virement – A transfer of budget.

Virement Policy - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by Council through an Adjustments Budget.

Vote – One of the main segments into which a budget is divided. In RAY NKONYENI LOCAL Municipality this means at directorate level.

3. Executive Summary

The application of sound financial management principles for the compilation of the RAY NKONYENI LOCAL Municipality's Budget is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainability, economically and equitably to all communities.

The RAY NKONYENI LOCAL Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

The municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 94 were used to guide the compilation of the 2019/20 MTREF which indicates the following amongst other things: guidance on budgeting for municipalities affected by redetermination of boundaries.

3.1 MFMA Circulars

National Treasury sent out MFMA Circular No. 94 providing guidance to municipalities on their 2019/20 budgets and Medium Term Revenue and Expenditure Framework (MTREF). It is essential reading material in order to understand the background to this budget.

National Treasury has also set out the requirements for funding the budget and producing a credible budget.

- **The overview of South African economy and inflation targets**

The economic and revenue outlook has deteriorated since the October 2018 Medium Term Budget Policy Statement (MTBPS). Funding pressures from state-owned companies have increased and require government financial support. Given these developments, the 2019 Budget proposes large-scale expenditure reprioritisation and tax measures that narrow the deficit from 4.5 per cent of GDP in 2019/20 to 4 per cent by 2021/22.

The 2018 MTBPS noted that weak economic performance and revenue shortfalls had contributed to some slippage in fiscal projections. Since then, economic growth has remained subdued and the domestic GDP outlook has been revised down. In the current year, tax revenue will be R15.4 billion below the 2018 MTBPS estimate. Funding pressures from Eskom and other financially distressed state-owned companies have increased, with several requesting state support to continue operating. In this context, the 2019 Budget proposes a series of tax and expenditure measures aimed at narrowing the deficit and stabilising the debt-to-GDP ratio.
Additions to spending amount to R75.3 billion over the medium term, consisting mainly of transfers to support the reconfiguration of Eskom. These additions are partially offset by reductions to expenditure baselines and proposed savings from compensation adjustments totalling R50.3 billion. Tax measures raise an additional R15 billion in 2019/20 and R10 billion in 2020/21.

In combination, these measures are expected to narrow the consolidated budget deficit from a projected 4.5 per cent of GDP in 2019/20 to 4 per cent of GDP in 2021/22. Gross national debt is projected to stabilize at 60.2 per cent of GDP in 2023/24. Net loan debt (gross loan debt excluding government's cash balances) stabilizes at 57.3 per cent of GDP in 2024/25. The GDP growth rate is forecasted at 1.5 per cent in 2019, 1.7 per cent in 2020 and 2.1 per cent in 2021. The revisions take into account weaker investment outcomes in 2018, a more fragile recovery in household income and slower export demand than expected due to moderating global growth. Consumer inflation has also been revised down due to lower oil prices and food inflation than previously assumed.

The main risks to the economic outlook are continued policy uncertainty and deterioration in the finances of state-owned entities. These factors, alongside continued high unemployment and slow growth will continue to exert pressure on municipal revenue generation and collection levels hence a conservative approach is advised for municipal revenue projections. Municipalities affected by the drought should also consider its impact on revenue generation. In this context, municipalities will have to improve their efforts to limit non-priority spending and to implement stringent cost-containment measures.

3.1.1 Funding the Budget

Section 18(1) of the MFMA states that an annual budget may only be funded from:

- Realistically anticipated revenues to be collected;
- Cash-backed accumulated funds from previous years' surpluses not Committed for other purposes; and
- Borrowed funds, but only for the capital budget referred to in section 17(2).

Achievement of this requirement in totality effectively means that a Council has surplus in its budget by ensuring that a budgeted outflow does not exceed planned inflows.

Under old budget formats income generated approach was a key objective and this assisted in ensuring that outflows were matched by inflows, provided revenue collections were realistic. However, GRAP compliant budgets necessitate that budget 'balancing' be much more comprehensive.

New budgeting and accounting formats demand that the budgeted Statement of Financial Performance, the Budgeted Statement of Financial Position and the Budgeted Statement of Cash Flows must be considered simultaneously to ensure effective financial management and sustainability.

3.1.2 A Credible Budget

Amongst other things, a credible budget is a budget that:

- Funds only activities consistent with the revised IDP and vice versa ensuring the IDP is realistically achievable given the financial constraints of the municipality;
- Is achievable in terms of agreed service delivery and performance targets;
- Contains revenue and expenditure projections that are consistent with current and past performance and supported by documented evidence of future assumptions;
- Does not jeopardize the financial viability of the municipality (ensures that the financial position is maintained within generally accepted prudential limits and that obligations can be met in the short, medium and long term); and
- Provides managers with appropriate levels of delegation sufficient to meet their financial management responsibilities.

A budget sets out certain service delivery levels and associated financial implications. Therefore the community should realistically expect to receive these promised service delivery levels and understand the associated financial implications. Major under spending due to under collection of revenue or poor planning is a clear example of a budget that is not credible and unrealistic.

Furthermore, budgets tabled for consultation at least 90 days prior to the start of the budget year should already be credible and fairly close to the final approved budget.

The main challenges experienced during the compilation of the Budget 2019/20 MTREF can be summarized as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained roads and electricity infrastructure;
- The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost and electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;

The following budget principles and guidelines directly informed the compilation of the 2019/20 Budget:

- The 2019/20 Adjustments Budget priorities and targets for Ray Nkonyeni municipality, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the 2019/20 budget;
- Audited AFS for 2017/18 for Ray Nkonyeni municipality were also used as a guide for the compilation of the 2019/20 Budget.
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- The 2019 Division of Revenue Bill as assented by the Hon President on the 02 May 2019 detailing the allocations that the municipality to be reflected in the budget.
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazette as required by the annual Division of Revenue Act;
- The relevant policy developments in the different sectors proposals from the National Energy Regulator of South Africa (NERSA)
- Macro-economics forecast has been taken into account when preparing the salaries budget, the current CPI plus 1. percent for 2019/20 financial year.
- The upper limit was set for the following items and allocations to these items had to be supported by a list and/or motivation setting out the intention and cost of the expenditure which was used to priorities expenditures:
    - Special Projects;
    - Consultant Fees;
    - Furniture and office equipment;

- Special Events;
- Refreshments and entertainment;
- Ad-hoc travelling; and
- Subsistence, Travelling & Conference fees

In view of the aforementioned, the following table is a consolidated overview of the proposed 2019/20 Medium-term Revenue and Expenditure Framework.

4. Table 1 Consolidated Overview

KZN216 Ray Nkonyeni - Table A1 Budget Summary

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Financial Performance										
Property rates	–	–	389,818	404,757	405,289	445,337	117,532	424,591	450,067	477,071
Service charges	–	–	163,162	189,052	189,052	166,460	36,339	215,231	228,144	241,833
Investment revenue	–	–	3,618	20,192	4,703	3,183	(14,100)	4,985	5,284	5,601
Transfers recognised - operational	–	–	258,802	218,970	221,763	194,844	87,009	340,389	331,260	343,882
Other own revenue	–	–	42,962	139,193	73,449	78,850	25,062	64,616	68,502	72,657
Total Revenue (excluding capital transfers and contributions)	–	–	858,362	972,164	894,255	888,675	251,841	1,049,811	1,083,256	1,141,044
Employee costs	–	–	358,167	359,939	378,898	334,747	30,096	382,859	427,055	455,631
Remuneration of councillors	–	–	25,954	30,943	28,856	25,647	4,551	28,922	30,658	32,497
Depreciation & asset impairment	–	–	134,674	62,000	58,900	–	–	51,250	54,900	58,339
Finance charges	–	–	–	–	–	1,625	–	2,500	2,650	2,809
Materials and bulk purchases	–	–	93,612	92,177	92,509	87,114	11,189	105,597	111,941	118,659
Transfers and grants	–	–	39,126	5,903	5,579	5,767	973	12,701	12,983	14,059
Other expenditure	–	219,349	321,914	537,318	457,183	404,733	38,929	435,349	420,860	431,580
Total Expenditure	–	219,349	973,447	1,088,280	1,021,924	859,633	85,738	1,019,178	1,061,046	1,113,574
Surplus/(Deficit)	–	(219,349)	(115,085)	(116,116)	(127,669)	29,041	166,103	30,633	22,210	27,470
Transfers and subsidies - capital (monetary allocatio	–	–	86,798	197,500	207,587	50,908	42,030	117,440	87,638	94,026
Contributions recognised - capital & contributed asse	–	–	–	–	–	50,979	–	1,000	–	–
Surplus/(Deficit) after capital transfers & contributions	–	(219,349)	(28,287)	81,384	79,918	130,929	208,134	149,073	109,848	121,496
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	–	(219,349)	(28,287)	81,384	79,918	130,929	208,134	149,073	109,848	121,496
Capital expenditure & funds sources										
Capital expenditure	–	–	73,176	196,159	200,733	57,493	135,373	134,794	79,070	80,523
Transfers recognised - capital	–	–	72,697	182,163	182,163	57,301	135,208	94,448	49,887	56,073
Borrowing	–	–	–	–	–	–	–	6,087	16,567	13,123
Internally generated funds	–	–	479	13,995	18,569	192	165	34,259	12,616	11,326
Total sources of capital funds	–	–	73,176	196,159	200,733	57,493	135,373	134,794	79,070	80,523
Financial position										
Total current assets	–	–	341,068	63,171	60,545	484,365	486,742	(41,201)	21,571	23,225
Total non current assets	–	–	1,903,704	161,131	168,753	1,801,312	1,696,567	83,544	24,170	22,184
Total current liabilities	–	–	199,975	–	–	173,210	152,867	(126,799)	(97,261)	(93,989)
Total non current liabilities	–	–	139,377	–	–	139,305	139,305	9,500	21,702	17,901
Community wealth/Equity	–	(219,349)	1,681,219	81,384	79,918	1,812,452	1,889,505	149,073	109,848	121,496
Cash flows										
Net cash from (used) operating	–	–	165,998	366,015	355,812	179,348	120,602	239,908	232,327	250,249
Net cash from (used) investing	–	–	(514,022)	(223,131)	(227,653)	178,294	74,077	(133,794)	(79,070)	(80,523)
Net cash from (used) financing	–	–	40,886	–	–	(1,692)	74	(4,804)	7,398	3,597
Cash/cash equivalents at the year end	–	–	(307,138)	(17,504)	(205,258)	420,956	259,760	101,310	261,966	435,289
Cash backing/surplus reconciliation										
Cash and investments available	–	–	65,006	(174,761)	(97,652)	133,515	153,349	93,943	164,572	165,501
Application of cash and investments	–	–	(19,125)	(265,331)	(172,697)	(164,210)	(96,120)	37,710	76,373	77,126
Balance - surplus (shortfall)	–	–	84,132	90,570	75,045	297,726	249,470	56,233	88,199	88,375
Asset management										
Asset register summary (WDV)	–	1,477,265	1,471,096	223,130	230,753	230,753	230,753	130,094	69,593	75,758
Depreciation	–	–	134,674	62,000	58,900	–	–	49,850	53,000	56,339
Renewal and Upgrading of Existing Assets	–	–	16,179	22,850	27,181	–	–	20,461	6,609	12,696
Repairs and Maintenance	–	–	1	–	200	–	–	40,269	42,325	44,878
Free services										
Cost of Free Basic Services provided	–	–	250	4,544	4,544	–	4,381	4,381	4,673	4,980
Revenue cost of free services provided	–	–	–	–	–	–	–	–	–	–
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	2	2	2	2
Refuse:	–	–	–	–	–	–	23	23	23	23

Total operating revenue is R 1,065 billion and increase by R 77 million over the 2020/22 MTREF.

Total operating expenditure excluding capital expenditure for the 2019/20 budget will be R 1, 019 billion and overall budgeted performance is showing a surplus of R 1,060 million. The budget performance also include non-cash item for depreciation and asset impairment to the value of R 52.5 million.

Capital expenditure for the year as per the budget amounts to R 155 million. This budget is funded through transfer's recognized capital and internal funds.

5. Operating Revenue Framework

For RAY NKONYENI LOCAL Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 100 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and

The following table is a summary of the 2019/20 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

KZN216 Ray Nkonyeni - Table A1 Budget Summary

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
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Other own revenue	–	–	42,962	139,193	73,449	78,850	25,062	64,616	68,502	72,657
Total Revenue (excluding capital transfers and contributions)	–	–	858,362	972,164	894,255	888,675	251,841	1,049,811	1,083,256	1,141,044

Revenue generated from rates, services charges and transfers from grants forms a significant percentage of the revenue basket for the municipality. Rates, service charge revenues and transfers and grants comprise more than two thirds of the total revenue mix.

In the 2019/20 financial year, revenue from rates, services charges, other revenue and transfers and grants totaled R 1, 065 billion. Property rate revenue increased by 5 percent from R 405.4 million to R 424.6 million, this growth can be mainly attributed to the implementation of the new valuation roll, and service charges, investment and other revenue

also increased as a results of municipal management adopting financial viability recovery and improvement plan.

Property rates are the first largest revenue source totaling R424.6 million rand in 2019/20. The second and third largest sources are revenue from transfers and grants operational followed by service charges which are R348.4 million and R215million respectively.

Other revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees, transport fees and advertisement fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Figure 1 Sources of revenue

Table 3 Operating Transfers and Grant Receipts

KZN216 Ray Nkonyeni - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		–	–	208,752	212,985	212,985	–	212,513	224,456	243,076
Local Government Equitable Share		–	–	175,566	185,324	185,324	–	205,608	222,456	241,076
Finance Management		–	–	3,600	3,600	3,600	–	2,500	2,000	2,000
EPWP Incentive		–	–	3,306	4,061	4,061	–	4,405	–	–
Energy Efficiency and Demand Management		–	–	4,000	6,000	6,000	–	–	–	–
Integrated National Electrification Programme		–	–	14,000	14,000	14,000	–	–	–	–
		–	–	–	–	–	–	–	–	–
Municipal Dermacation Transition Grant		–	–	8,280	–	–	–	–	–	–
Provincial Government:		–	–	52,900	19,953	19,953	–	125,527	105,427	99,347
Housing		–	–	34,926	–	–	–	107,153	86,316	79,400
Housing		–	–	5,082	4,337	4,337	–	4,520	4,520	4,520
Sport and Recreation		–	–	11,292	12,600	12,600	–	13,854	14,591	15,427
		–	–	–	–	–	–	–	–	–
MIG - Operational		–	–	1,600	3,016	3,016	–	–	–	–
District Municipality:		–	–	–	144	144	–	–	–	–
Ugu Grant		–	–	–	144	144	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	683	1,225	2,725	–	2,749	1,377	1,459
Mandatory Grant /WSP		–	–	683	1,225	2,725	–	1,299	1,377	1,459
EDTEA GRANT								400		
TETA GRANT		–	–	–	–	–	–	1,050	–	–
Total Operating Transfers and Grants	5	–	–	262,335	234,307	235,807	–	340,789	331,260	343,882

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African

Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the municipality

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilized for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity, petrol, diesel, chemicals, cement etc.

The current challenge facing the municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.

5.1. Property Rates

National Treasury's MFMA Circular No. 58 and 59 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R85 000 and R50 000 reduction on the market value of a property for residential and vacant land categories respectively ,will be granted in terms of the municipality's own Property Rates Policy;

- 100 per cent rebate will be granted to registered indigents and child headed household in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons whose household income equal 2 state pensions, 4 state pensions and 6 state pensions will receive a rebate of 75%, 50% and 25 % respectively in terms of Rates policy.
- Indigents, in terms of the indigent policy are exempt from paying rates if the value of the property is less than R350 000.00.

The categories of rate-able properties for purposes of levying rates the proposed rates increase for the 2019/20 financial year is 6 per cent and the table below reflect individual municipality tariff for rates since the new valuation and new tariffs will be implemented in 2019/20 budget year.

Table 4 Rates Randages

RAY NKONYENI LOCAL MUNICIPALITY				
SCHEDULE : BUDGET TARIFF OF CHARGES 2019/2020	**2018/2019**			**Final**
VAT at 15% as from 1 APRIL 2018	**5.2%**		ROUNDED OFF	**2019/20 (6%)**
Description of Tariff of Charges	**1/7/2018**	**VAT**	**Incl. VAT 1/7/2018**	**Incl. VAT 1/7/2019**
Property Rates				
Residential	0.010787		0.010787	0.011434
Commercial	0.018338		0.018338	0.019438
Industrial	0.018338		0.018338	0.019438
Mining	0.021574		0.021574	0.022868
Agriculture- Bona Fide - DELETED			-	-
Agriculture - Mixed Use / unused farm land - now Agricultural Land	0.002696		0.002696	0.002858
Institutional - DELETED			-	-
Specicial Purpose	0.005394		0.005394	0.005718
PSI Propety	0.002696		0.002696	0.002858
Municipal			-	-
Vacant Land	0.021574		0.021574	0.022868
ST-Carports/Garage	0.010787		0.010787	0.011434
Communal	0.001078		0.001078	0.001143
Guest Houses and Lodges - DELETED now Commercial			-	-
Public Benefit Organisations	0.002696		0.002696	0.002858
Multipurpose				-
State Service Purposes	0.018338		0.018338	0.019438
	-	-	-	
Rates Clearance Certificate	-	-	-	
Electronic	229.16	34.37	264.00	279.84.
Manual	548.42	82.26	631.00	668.86.
Duplicate or the re-issue of a certificate	87.72	13.16	101.00	107.06.

5.2. Sale of Electricity and Impact of Tariff Increases

The consumer tariff had to be increased by 13% per cent to offset the additional bulk purchase cost from 1 July 2019. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

5.3. Waste Removal and Impact of Tariff Increases

The municipality has implemented a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to solid waste are maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration.

5.4. Other Tariff of Charges

Other tariff of charges such licenses and permits, town planning, fines and other revenue have been increased by 6 per cent and tariff of charges is attached as annexure.

6. Operating Expenditure Framework

The Municipality's expenditure framework for the 2019/20 budget and MTREF is informed by the following:

- Budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;

- Operational gains and efficiencies will be directed to funding the capital budget and other core services;

Table 5 Summary of operating expenditure by standard classification item

KZN216 Ray Nkonyeni - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Expenditure By Type											
Employee related costs	2	–	–	358,167	359,939	378,898	334,747	30,096	382,859	427,055	455,631
Remuneration of councillors		–	–	25,954	30,943	28,856	25,647	4,551	28,922	30,658	32,497
Debt impairment	3	–	–	36,465	3,200	5,989	3,545	395	8,989	9,768	10,617
Depreciation & asset impairment	2	–	–	134,674	62,000	58,900	–	–	51,250	54,900	58,339
Finance charges		–	–	–	–	–	1,625	–	2,500	2,650	2,809
Bulk purchases	2	–	–	87,168	86,620	86,620	82,707	10,578	100,159	106,169	112,539
Other materials	8	–	–	6,444	5,556	5,889	4,408	611	5,437	5,772	6,120
Contracted services		–	–	285,449	392,399	301,822	243,600	38,535	274,218	254,823	255,046
Transfers and subsidies		–	–	39,126	5,903	5,579	5,767	973	12,701	12,983	14,059
Other expenditure	4, 5	–	219,349	–	141,719	149,372	157,587	–	152,143	156,269	165,917
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Total Expenditure		**–**	**219,349**	**973,447**	**1,088,280**	**1,021,924**	**859,633**	**85,738**	**1,019,178**	**1,061,046**	**1,113,574**

Employee related costs and Remuneration of Councilors

The budget for employee costs and remuneration of councilor's amounts to R 411.8 million for 2019/20.

Contracted Services

The budget for contracted services increased from R 274 218 million to R 423 million for 2019/20. This is due to budgeting for housing projects under operating expenditure in the 2019/20 financial year.

Other operating expenditure

Other expenditure includes items such as audit fees, subsistence and travelling, professional fees, legal fees, bank charges, Budget road shows, municipal running cost and all other expenditure forms part on the above mentioned categories of expenses.

Overall expenditure budget

The overall operational expenditure budget for 2019/2020 amount to 1,019 billion.

Table 6 Employee related costs details and councilors

KZN216 Ray Nkonyeni - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Othe	1									
Basic Salaries and Wages		–	–	21,438	27,872	24,351	21,642	26,026	27,587	29,242
Pension and UIF Contributions		–	–	–	–	–	–	–	–	–
Medical Aid Contributions		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance		–	–	2,600	–	–	–	–	–	–
Cellphone Allowance		–	–	1,916	3,071	4,505	4,006	2,897	3,071	3,255
Housing Allowances		–	–	–	–	–	–	–	–	–
Other benefits and allowances		–	–	–	–	–	–	–	–	–
Sub Total - Councillors		**–**	**–**	**25,954**	**30,943**	**28,856**	**25,647**	**28,922**	**30,658**	**32,497**
% increase	4		**–**	**–**	**19.2%**	**(6.7%)**	**(11.1%)**	**12.8%**	**6.0%**	**6.0%**
Senior Managers of the Municipality	2									
Basic Salaries and Wages		–	–	10,017	9,775	9,775	–	10,271	11,442	12,243
Pension and UIF Contributions		–	–	16	–	–	–	–	–	–
Medical Aid Contributions		–	–	–	–	–	–	–	–	–
Overtime		–	–	–	–	–	–	–	–	–
Performance Bonus		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance	3	–	–	–	–	–	–	–	–	–
Cellphone Allowance	3	–	–	114	84	84	–	114	128	137
Housing Allowances	3	–	–	–	–	–	–	–	–	–
Other benefits and allowances	3	–	–	245	398	398	–	–	–	–
Payments in lieu of leave		–	–	–	–	–	–	–	–	–
Long service awards		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	6	–	–	–	–	–	–	–	–	–
Sub Total - Senior Managers of Municipality		**–**	**–**	**10,392**	**10,257**	**10,257**	**–**	**10,385**	**11,570**	**12,380**
% increase	4		**–**	**–**	**(1.3%)**	**–**	**(100.0%)**	**–**	**11.4%**	**7.0%**
Other Municipal Staff										
Basic Salaries and Wages		–	–	285,503	291,065	306,356	–	307,627	336,335	359,126
Pension and UIF Contributions		–	–	1,888	2,087	1,936	–	1,945	2,242	2,397
Medical Aid Contributions		–	–	16,192	19,027	16,858	–	9,903	18,642	19,630
Overtime		–	–	18,909	14,030	19,030	–	16,211	17,182	18,200
Performance Bonus		–	–	18,903	18,176	16,707	–	20,274	20,520	21,927
Motor Vehicle Allowance	3	–	–	13,537	13,339	14,819	–	13,431	16,962	18,123
Cellphone Allowance	3	–	–	–	–	–	–	–	–	–
Housing Allowances	3	–	–	3,236	2,095	3,191	–	3,083	3,603	3,848
Other benefits and allowances	3	–	–	–	–	–	–	–	–	–
Payments in lieu of leave		–	–	–	–	–	–	–	–	–
Long service awards		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	6	–	–	–	120	–	–	–	–	–
Sub Total - Other Municipal Staff		**–**	**–**	**358,167**	**359,939**	**378,898**	**–**	**372,474**	**415,485**	**443,251**
% increase	4		**–**	**–**	**0.5%**	**5.3%**	**(100.0%)**	**–**	**11.5%**	**6.7%**
Total Parent Municipality		**–**	**–**	**394,513**	**401,140**	**418,011**	**25,647**	**411,781**	**457,713**	**488,128**

The budgeted allocation for employee related costs, senior management and councilors for the 2019/20 financial year totals R 411.8 million, which equals 40 per cent of the total operating expenditure. The salary increases have been factored into this budget at a percentage increase of 6.5 per cent for the 2019/20 financial year and also it must be noted that there are other line items which are excluded in employee costs e.g. overtime, standby allowances, salaries temps, pension funds contributions which were not kept at 6.5 per cent increase as compared to basic salary increase.

The cost associated with the remuneration of councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the municipality's budget.

6.1 Depreciation

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R 49.8 million for the 2019/20 financial and equates to 5 per cent of the total operating expenditure. Note that the

implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

6.2 Repairs and maintenance

During the compilation of the 2019/20 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the municipality's infrastructure and historic deferred maintenance especially roads. The municipality has an infrastructure maintenance plan to ensure that assets are in good condition.
Repairs and maintenance comprises of amongst others the purchase of fuel, diesel, materials for maintenance, potholes, cleaning materials and chemicals. This group of expenditure has been prioritized to ensure sustainability of the municipality's infrastructure especially potholes

6.3 Bulk purchases

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The increase is 13 per cent as per NERSA Guidelines.

6.4 Contracted services

Contracted services equal to 41 per cent of the expenditure budget and has been budgeted at R 423.7 million.

6.5 Free Basic Services: Basic Social Service Package

The social package assists households that are poor or face circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy and the policy is reviewed annually. The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

6.6 Other expenditure

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. The salient features of general expenses have been the following:

Typical workstream	Final budget Amount
Farm workers	150 000
HIV awareness	195 000
Training of Councillors	250 000
Mayoral roadshows & Izimbizo	1 400 000

Children's Right	185 000
Development of Cultural Skills, Maiden ceremony and Libraries outreach	795 000
Indigenous Festival	100 000
Ugu Jazz	300 000
Disability Empowerment	300 000
Econonic Development incl. Mayoral Fair	7 950 000
Women's Open Golf and Academy	1 000 000
Gender Empowerment	300 000
Youth Development	
• Tertiary registration	250 000
• Other programmes	3 600 000
Comedy Show	50 000
Gamalakhe Music festival	350 000
Uvukile gospel Concert	250 000
Community Awards	350 000
Back to School	400 000
South Coast Bike week	500 000
Welcoming road Block	50 000
Salga Games	500 000
Shobashobane commemoration	150 000
Special functions	2 000 000
Women's Caucus	300 000

Masikandi Festival	250 000
Spring Carnival	100 000
Caucus fund	300 000
Streetlights installation	1 000 000
Ward comittees	2 100 000

Roads Infrastructure & related:	**73 525 000,00**
• Tarring of Roads	19 145 000,00
• Bridges	19 250 000,00
• Potholes Repairs	15 250 000,00
• Preventative maintenance (Roads)	5 900 000,00
• Plant Hire (Roads)	5 980 000,00
• Concrete strips	7 000 000,00
• Storm water	4 500 000,00
• Gravel roads	1 500 000,00

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7. Capital Expenditure Framework

KZN216 Ray Nkonyeni - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure - Vote											
Multi-year expenditure *to be appropriated*	2										
Vote 1 - BUDGET AND TREASURY		–	–	–	–	–	–	–	–	–	–
Vote 2 - STRATEGIC PLANNING AND GOVERNANC		–	–	–	–	–	–	–	–	–	–
Vote 3 - ECONOMIC DEVELOPMENT AND TOWN P		–	–	–	–	–	–	–	–	–	–
Vote 4 - CORPORATE SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 5 - COMMUNITY SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 6 - TECHNICAL SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 7 - PUBLIC SAFETY		–	–	–	–	–	–	–	–	–	–
Vote 8 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 9 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 10 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 11 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 12 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 13 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 14 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 15 - NULL		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	7	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Single-year expenditure *to be appropriated*	2										
Vote 1 - BUDGET AND TREASURY		–	–	256	273	504	648	256	323	278	278
Vote 2 - STRATEGIC PLANNING AND GOVERNANC		–	–	1,128	9,393	9,060	6,988	1,145	25,897	12,968	8,018
Vote 3 - ECONOMIC DEVELOPMENT AND TOWN P		–	–	21,489	5,638	5,613	1,545	21,569	15,573	522	522
Vote 4 - CORPORATE SERVICES		–	–	127	255	559	380	127	229	206	206
Vote 5 - COMMUNITY SERVICES		–	–	20,994	17,550	19,413	62,406	25,118	17,602	9,565	6,116
Vote 6 - TECHNICAL SERVICES		–	–	38,499	189,311	191,864	617,944	113,092	74,530	54,955	64,807
Vote 7 - PUBLIC SAFETY		–	–	403	711	640	11	403	640	576	576
Vote 8 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 9 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 10 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 11 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 12 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 13 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 14 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 15 - NULL		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		**–**	**–**	**82,896**	**223,131**	**227,653**	**689,921**	**161,710**	**134,794**	**79,070**	**80,523**
Total Capital Expenditure - Vote		**–**	**–**	**82,896**	**223,131**	**227,653**	**689,921**	**161,710**	**134,794**	**79,070**	**80,523**
Capital Expenditure - Functional											
Governance and administration		**–**	**–**	**1,490**	**880**	**1,095**	**57,493**	**1,490**	**1,183**	**867**	**867**
Executive and council		–	–	1,084	100	90	–	1,084	96	96	96
Finance and administration		–	–	406	780	1,005	57,493	406	1,088	771	771
Internal audit		–	–	–	–	–	–	–	–	–	–
Community and public safety		**–**	**–**	**16,704**	**141,171**	**151,015**	**–**	**68,729**	**15,896**	**7,771**	**4,742**
Community and social services		–	–	16,484	17,050	19,145	–	18,669	14,018	5,894	2,865
Sport and recreation		–	–	0	–	–	–	1,937	130	130	130
Public safety		–	–	206	–	–	–	206	1,739	1,739	1,739
Housing		–	–	13	124,121	131,870	–	47,916	8	7	7
Health		–	–	–	–	–	–	–	–	–	–
Economic and environmental services		**–**	**–**	**54,982**	**54,107**	**48,622**	**–**	**65,154**	**79,282**	**32,664**	**34,076**
Planning and development		–	–	21,490	14,679	14,311	–	21,588	38,468	11,497	7,193
Road transport		–	–	33,367	39,428	34,311	–	43,442	40,118	20,471	26,188
Environmental protection		–	–	124	–	–	–	124	696	696	696
Trading services		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**31,272**	**37,768**	**40,838**
Energy sources		–	–	–	–	–	–	–	28,857	36,096	39,601
Water management		–	–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–	–
Waste management		–	–	–	–	–	–	–	2,415	1,672	1,237
Other		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**7,161**	**–**	**–**
Total Capital Expenditure - Functional	3	**–**	**–**	**73,176**	**196,159**	**200,733**	**57,493**	**135,373**	**134,794**	**79,070**	**80,523**
Funded by:											
National Government		–	–	71,952	57,301	57,301	57,301	57,301	88,013	49,887	56,073
Provincial Government		–	–	745	124,862	124,862	–	77,907	6,435	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–
Other transfers and grants		–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	4	**–**	**–**	**72,697**	**182,163**	**182,163**	**57,301**	**135,208**	**94,448**	**49,887**	**56,073**
Borrowing	6	–	–	–	–	–	–	–	6,087	16,567	13,123
Internally generated funds		–	–	479	13,995	18,569	192	165	34,259	12,616	11,326
Total Capital Funding	7	**–**	**–**	**73,176**	**196,159**	**200,733**	**57,493**	**135,373**	**134,794**	**79,070**	**80,523**

The main source of funding of the 2019/20 Capital budget of (incl VAT) R 155 million and (Excl VAT) R 134.7 million is transfers recognized capital from National and provincial departments, followed by internally generated

PART 2 MAIN BUDGET TABLES

8. Annual Budget Tables

The following are the main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations.

Table 8 MBRR Table A1 - Budget Summary

KZN216 Ray Nkonyeni - Table A1 Budget Summary

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Financial Performance										
Property rates	–	–	389,818	404,757	405,289	445,337	117,532	424,591	450,067	477,071
Service charges	–	–	163,162	189,052	189,052	166,460	36,339	215,231	228,144	241,833
Investment revenue	–	–	3,618	20,192	4,703	3,183	(14,100)	4,985	5,284	5,601
Transfers recognised - operational	–	–	258,802	218,970	221,763	194,844	87,009	340,389	331,260	343,882
Other own revenue	–	–	42,962	139,193	73,449	78,850	25,062	64,616	68,502	72,657
Total Revenue (excluding capital transfers and contributions)	–	–	858,362	972,164	894,255	888,675	251,841	1,049,811	1,083,256	1,141,044
Employee costs	–	–	358,167	359,939	378,898	334,747	30,096	382,859	427,055	455,631
Remuneration of councillors	–	–	25,954	30,943	28,856	25,647	4,551	28,922	30,658	32,497
Depreciation & asset impairment	–	–	134,674	62,000	58,900	–	–	51,250	54,900	58,339
Finance charges	–	–	–	–	–	1,625	–	2,500	2,650	2,809
Materials and bulk purchases	–	–	93,612	92,177	92,509	87,114	11,189	105,597	111,941	118,659
Transfers and grants	–	–	39,126	5,903	5,579	5,767	973	12,701	12,983	14,059
Other expenditure	–	219,349	321,914	537,318	457,183	404,733	38,929	435,349	420,860	431,580
Total Expenditure	–	219,349	973,447	1,088,280	1,021,924	859,633	85,738	1,019,178	1,061,046	1,113,574
Surplus/(Deficit)	–	(219,349)	(115,085)	(116,116)	(127,669)	29,041	166,103	30,633	22,210	27,470
Transfers and subsidies - capital (monetary allocatio	–	–	86,798	197,500	207,587	50,908	42,030	117,440	87,638	94,026
Contributions recognised - capital & contributed asse	–	–	–	–	–	50,979	–	1,000	–	–
Surplus/(Deficit) after capital transfers & contributions	–	(219,349)	(28,287)	81,384	79,918	130,929	208,134	149,073	109,848	121,496
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	–	(219,349)	(28,287)	81,384	79,918	130,929	208,134	149,073	109,848	121,496
Capital expenditure & funds sources										
Capital expenditure	–	–	73,176	196,159	200,733	57,493	135,373	134,794	79,070	80,523
Transfers recognised - capital	–	–	72,697	182,163	182,163	57,301	135,208	94,448	49,887	56,073
Borrowing	–	–	–	–	–	–	–	6,087	16,567	13,123
Internally generated funds	–	–	479	13,995	18,569	192	165	34,259	12,616	11,326
Total sources of capital funds	–	–	73,176	196,159	200,733	57,493	135,373	134,794	79,070	80,523
Financial position										
Total current assets	–	–	341,068	63,171	60,545	484,365	486,742	(41,201)	21,571	23,225
Total non current assets	–	–	1,903,704	161,131	168,753	1,801,312	1,696,567	83,544	24,170	22,184
Total current liabilities	–	–	199,975	–	–	173,210	152,867	(126,799)	(97,261)	(93,989)
Total non current liabilities	–	–	139,377	–	–	139,305	139,305	9,500	21,702	17,901
Community wealth/Equity	–	(219,349)	1,681,219	81,384	79,918	1,812,452	1,889,505	149,073	109,848	121,496
Cash flows										
Net cash from (used) operating	–	–	165,998	366,015	355,812	179,348	120,602	239,908	232,327	250,249
Net cash from (used) investing	–	–	(514,022)	(223,131)	(227,653)	178,294	74,077	(133,794)	(79,070)	(80,523)
Net cash from (used) financing	–	–	40,886	–	–	(1,692)	74	(4,804)	7,398	3,597
Cash/cash equivalents at the year end	–	–	(307,138)	(17,504)	(205,258)	420,956	259,760	101,310	261,966	435,289
Cash backing/surplus reconciliation										
Cash and investments available	–	–	65,006	(174,761)	(97,652)	133,515	153,349	93,943	164,572	165,501
Application of cash and investments	–	–	(19,125)	(265,331)	(172,697)	(164,210)	(96,120)	37,710	76,373	77,126
Balance - surplus (shortfall)	–	–	84,132	90,570	75,045	297,726	249,470	56,233	88,199	88,375
Asset management										
Asset register summary (WDV)	–	1,477,265	1,471,096	223,130	230,753	230,753	230,753	130,094	69,593	75,758
Depreciation	–	–	134,674	62,000	58,900	–	–	49,850	53,000	56,339
Renewal and Upgrading of Existing Assets	–	–	16,179	22,850	27,181	–	–	20,461	6,609	12,696
Repairs and Maintenance	–	–	1	–	200	–	–	40,269	42,325	44,878
Free services										
Cost of Free Basic Services provided	–	–	250	4,544	4,544	–	4,381	4,381	4,673	4,980
Revenue cost of free services provided	–	–	–	–	–	–	–	–	–	–
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	2	2	2	2
Refuse:	–	–	–	–	–	–	23	23	23	23

- Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (financial performance, capital

expenditure and funding sources, financial position, cash flow, MFMA funding compliance and asset management).

- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

Table 9 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

KZN216 Ray Nkonyeni - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue - Functional										
Governance and administration		–	–	666,356	618,666	617,298	990,562	661,644	705,204	752,669
Executive and council		–	–	176,037	185,468	186,523	–	205,608	222,456	241,076
Finance and administration		–	–	490,319	433,198	430,775	990,562	456,036	482,748	511,593
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		–	–	46,866	140,130	150,815	–	126,645	103,112	100,603
Community and social services		–	–	11,595	13,631	13,870	–	14,399	15,169	16,040
Sport and recreation		–	–	–	100	100	–	106	112	119
Public safety		–	–	1,271	200	560	–	466	494	524
Housing		–	–	34,000	126,199	136,286	–	111,673	87,336	83,920
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		–	–	40,822	191,427	116,552	–	137,870	108,561	113,267
Planning and development		–	–	28,703	27,189	31,573	–	31,688	15,886	14,019
Road transport		–	–	11,674	163,979	84,719	–	105,906	92,382	98,938
Environmental protection		–	–	446	260	260	–	276	292	310
Trading services		–	–	187,845	209,252	209,437	–	234,193	245,634	266,352
Energy sources		–	–	133,025	146,417	146,602	–	161,988	169,521	185,672
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		–	–	54,821	62,835	62,835	–	72,205	76,113	80,680
Other	4	–	–	3,270	10,188	7,740	–	7,900	8,384	2,180
Total Revenue - Functional	2	–	–	945,160	1,169,664	1,101,842	990,562	1,168,251	1,170,894	1,235,070
Expenditure - Functional										
Governance and administration		–	–	372,450	319,007	309,499	700,561	320,407	348,044	369,964
Executive and council		–	–	150,404	122,226	117,372	–	111,504	117,362	124,642
Finance and administration		–	–	203,709	166,702	159,564	700,561	172,331	192,098	204,366
Internal audit		–	–	18,336	30,079	32,562	–	36,572	38,584	40,956
Community and public safety		–	–	124,108	87,224	92,782	–	180,802	171,915	171,399
Community and social services		–	–	19,230	26,284	28,828	–	31,355	31,914	33,884
Sport and recreation		–	–	10,259	4,821	5,149	–	5,369	8,984	6,797
Public safety		–	–	48,132	42,402	46,399	–	30,275	38,515	40,990
Housing		–	–	46,487	13,717	12,405	–	113,803	92,502	89,728
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		–	–	205,918	258,804	184,748	–	218,513	230,790	241,978
Planning and development		–	–	26,965	34,317	33,928	–	57,790	59,524	59,650
Road transport		–	–	158,408	201,657	130,787	–	136,438	145,524	155,041
Environmental protection		–	–	20,546	22,830	20,033	–	24,285	25,742	27,287
Trading services		–	–	259,894	267,796	274,107	–	288,359	297,685	316,568
Energy sources		–	–	121,295	105,714	107,091	–	122,781	128,290	136,096
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		–	–	138,599	162,082	167,016	–	165,578	169,394	180,471
Other	4	–	–	11,076	12,532	11,408	–	11,097	12,612	13,665
Total Expenditure - Functional	3	–	–	973,447	945,363	872,544	700,561	1,019,178	1,061,046	1,113,574
Surplus/(Deficit) for the year		–	–	(28,287)	224,301	229,298	290,001	149,073	109,848	121,497

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms if each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

- Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that both Electricity function and Waste management function are able to finance its services. As both service charges are reflecting a surplus.

- Other functions that show a deficit between revenue and expenditure are being financed from rates revenues, other revenue sources and transfers recognized operational from both National and provincial departments.

Table 10 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by vote)

KZN216 Ray Nkonyeni - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote	1									
Vote 1 - BUDGET AND TREASURY		–	–	488,132	429,778	427,354	482,919	450,915	475,219	503,736
Vote 2 - STRATEGIC PLANNING AND GOVERNANC		–	–	176,037	185,468	189,523	185,306	205,608	222,456	241,076
Vote 3 - ECONOMIC DEVELOPMENT AND TOWN PI		–	–	31,973	37,377	36,313	10,571	18,714	18,802	19,955
Vote 4 - CORPORATE SERVICES		–	–	2,187	129,619	139,706	60,920	1,299	–	–
Vote 5 - COMMUNITY SERVICES		–	–	5,358	3,101	3,340	15,308	92,614	78,831	83,574
Vote 6 - TECHNICAL SERVICES		–	–	167,025	206,734	206,919	165,435	255,311	261,060	264,197
Vote 7 - PUBLIC SAFETY		–	–	74,448	177,587	98,687	67,790	25,350	26,890	28,506
Vote 8 - NULL		–	–	–	–	–	–	–	–	–
Vote 9 - NULL		–	–	–	–	–	–	–	–	–
Vote 10 - NULL		–	–	–	–	–	–	–	–	–
Vote 11 - NULL		–	–	–	–	–	–	–	–	–
Vote 12 - NULL		–	–	–	–	–	–	–	–	–
Vote 13 - NULL		–	–	–	–	–	–	–	–	–
Vote 14 - NULL		–	–	–	–	–	–	–	–	–
Vote 15 - NULL		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	**–**	**–**	**945,160**	**1,169,664**	**1,101,842**	**988,248**	**1,049,810**	**1,083,258**	**1,141,044**
Expenditure by Vote *to be appropriated*	1									
Vote 1 - BUDGET AND TREASURY		–	–	123,066	84,317	71,159	60,441	68,318	71,124	74,645
Vote 2 - STRATEGIC PLANNING AND GOVERNANC		–	–	177,414	157,703	155,400	85,401	265,995	276,922	290,632
Vote 3 - ECONOMIC DEVELOPMENT AND TOWN PI		–	–	33,952	41,661	39,996	22,266	119,643	124,558	130,724
Vote 4 - CORPORATE SERVICES		–	–	83,181	94,579	99,528	88,854	85,711	89,232	93,650
Vote 5 - COMMUNITY SERVICES		–	–	127,053	147,338	153,051	133,019	50,536	52,612	55,216
Vote 6 - TECHNICAL SERVICES		–	–	232,448	169,706	175,695	161,887	252,461	262,831	275,843
Vote 7 - PUBLIC SAFETY		–	–	195,652	249,214	177,117	148,120	176,515	183,766	192,864
Vote 8 - NULL		–	–	–	–	–	–	–	–	–
Vote 9 - NULL		–	–	–	–	–	–	–	–	–
Vote 10 - NULL		–	–	–	–	–	–	–	–	–
Vote 11 - NULL		–	–	–	–	–	–	–	–	–
Vote 12 - NULL		–	–	–	–	–	–	–	–	–
Vote 13 - NULL		–	–	–	–	–	–	–	–	–
Vote 14 - NULL		–	–	–	–	–	–	–	–	–
Vote 15 - NULL		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	**–**	**–**	**972,766**	**944,518**	**871,945**	**699,988**	**1,019,179**	**1,061,046**	**1,113,574**
Surplus/(Deficit) for the year	2	**–**	**–**	**(27,606)**	**225,146**	**229,896**	**288,260**	**30,631**	**22,212**	**27,470**

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table11 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

KZN216 Ray Nkonyeni - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source											
Property rates	2	–	–	389,818	404,757	405,289	445,337	117,532	424,591	450,067	477,071
Service charges - electricity revenue	2	–	–	114,466	126,417	126,417	110,327	21,373	143,638	152,256	161,391
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	–	–	48,696	62,635	62,635	56,133	14,966	71,593	75,889	80,442
Rental of facilities and equipment		–	–	2,662	3,533	3,533	2,736	8,061	2,762	2,942	3,132
Interest earned - external investments		–	–	3,618	20,192	4,703	3,183	(14,100)	4,985	5,284	5,601
Interest earned - outstanding debtors		–	–	12,578	468	12,887	17,971	2,920	18,839	19,868	21,064
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	–	8,199	86,587	12,591	2,012	286	13,521	14,352	15,231
Licences and permits		–	–	6,024	11,100	1,901	6,886	1,488	2,305	2,442	2,574
Agency services		–	–	3,429	6,000	8,985	3,597	793	9,524	10,096	10,701
Transfers and subsidies		–	–	258,802	218,970	221,763	194,844	87,009	340,389	331,260	343,882
Other revenue	2	–	–	10,070	31,506	33,552	45,648	11,514	17,664	18,802	19,955
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		**–**	**–**	**858,362**	**972,164**	**894,255**	**888,675**	**251,841**	**1,049,811**	**1,083,256**	**1,141,044**
Expenditure By Type											
Employee related costs	2	–	–	358,167	359,939	378,898	334,747	30,096	382,859	427,055	455,631
Remuneration of councillors		–	–	25,954	30,943	28,856	25,647	4,551	28,922	30,658	32,497
Debt impairment	3	–	–	36,465	3,200	5,989	3,545	395	8,989	9,768	10,617
Depreciation & asset impairment	2	–	–	134,674	62,000	58,900	–	–	51,250	54,900	58,339
Finance charges		–	–	–	–	–	1,625	–	2,500	2,650	2,809
Bulk purchases	2	–	–	87,168	86,620	86,620	82,707	10,578	100,159	106,169	112,539
Other materials	8	–	–	6,444	5,556	5,889	4,408	611	5,437	5,772	6,120
Contracted services		–	–	285,449	392,399	301,822	243,600	38,535	274,218	254,823	255,046
Transfers and subsidies		–	–	39,126	5,903	5,579	5,767	973	12,701	12,983	14,059
Other expenditure	4, 5	–	219,349	–	141,719	149,372	157,587	–	152,143	156,269	165,917
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Total Expenditure		**–**	**219,349**	**973,447**	**1,088,280**	**1,021,924**	**859,633**	**85,738**	**1,019,178**	**1,061,046**	**1,113,574**
Surplus/(Deficit)		**–**	**(219,349)**	**(115,085)**	**(116,116)**	**(127,669)**	**29,041**	**166,103**	**30,633**	**22,210**	**27,470**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		–	–	86,798	197,500	207,587	50,908	42,030	117,440	87,638	94,026
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher	6	–	–	–	–	–	50,979	–	1,000	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		**–**	**(219,349)**	**(28,287)**	**81,384**	**79,918**	**130,929**	**208,134**	**149,073**	**109,848**	**121,496**
Taxation		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		**–**	**(219,349)**	**(28,287)**	**81,384**	**79,918**	**130,929**	**208,134**	**149,073**	**109,848**	**121,496**
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		**–**	**(219,349)**	**(28,287)**	**81,384**	**79,918**	**130,929**	**208,134**	**149,073**	**109,848**	**121,496**
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year		**–**	**(219,349)**	**(28,287)**	**81,384**	**79,918**	**130,929**	**208,134**	**149,073**	**109,848**	**121,496**

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total operating revenue is R1, 019 billion and total capital revenue is R156 million in 2019/20
2. Total revenue for 2019/20 financial year is R 1.18 billion.
3. Revenue to be generated from property rates is R424 million in the 2019/20 financial year therefore remains a main funding source for the municipality.
4. Transfers recognized – operating includes the local government equitable share and other operating grants from national and provincial government amounts to R348.4 million. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF. The municipality is not grant

dependent since major part of revenue is own funding however we still has to ensure that we collect every single cent that is due to us.

Table 12 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

KZN216 Ray Nkonyeni - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure - Vote											
Multi-year expenditure *to be appropriated*	2										
Vote 1 - BUDGET AND TREASURY		–	–	–	–	–	–	–	–	–	–
Vote 2 - STRATEGIC PLANNING AND GOVERNANC		–	–	–	–	–	–	–	–	–	–
Vote 3 - ECONOMIC DEVELOPMENT AND TOWN PI		–	–	–	–	–	–	–	–	–	–
Vote 4 - CORPORATE SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 5 - COMMUNITY SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 6 - TECHNICAL SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 7 - PUBLIC SAFETY		–	–	–	–	–	–	–	–	–	–
Vote 8 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 9 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 10 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 11 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 12 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 13 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 14 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 15 - NULL		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	7	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Single-year expenditure *to be appropriated*	2										
Vote 1 - BUDGET AND TREASURY		–	–	256	273	504	648	256	323	278	278
Vote 2 - STRATEGIC PLANNING AND GOVERNANC		–	–	1,128	9,393	9,060	6,988	1,145	25,897	12,968	8,018
Vote 3 - ECONOMIC DEVELOPMENT AND TOWN PI		–	–	21,489	5,638	5,613	1,545	21,569	15,573	522	522
Vote 4 - CORPORATE SERVICES		–	–	127	255	559	380	127	229	206	206
Vote 5 - COMMUNITY SERVICES		–	–	20,994	17,550	19,413	62,406	25,118	17,602	9,565	6,116
Vote 6 - TECHNICAL SERVICES		–	–	38,499	189,311	191,864	617,944	113,092	74,530	54,955	64,807
Vote 7 - PUBLIC SAFETY		–	–	403	711	640	11	403	640	576	576
Vote 8 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 9 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 10 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 11 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 12 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 13 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 14 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 15 - NULL		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		**–**	**–**	**82,896**	**223,131**	**227,653**	**689,921**	**161,710**	**134,794**	**79,070**	**80,523**
Total Capital Expenditure - Vote		**–**	**–**	**82,896**	**223,131**	**227,653**	**689,921**	**161,710**	**134,794**	**79,070**	**80,523**
Capital Expenditure - Functional											
Governance and administration		**–**	**–**	**1,490**	**880**	**1,095**	**57,493**	**1,490**	**1,183**	**867**	**867**
Executive and council		–	–	1,084	100	90	–	1,084	96	96	96
Finance and administration		–	–	406	780	1,005	57,493	406	1,088	771	771
Internal audit		–	–	–	–	–	–	–	–	–	–
Community and public safety		**–**	**–**	**16,704**	**141,171**	**151,015**	**–**	**68,729**	**15,896**	**7,771**	**4,742**
Community and social services		–	–	16,484	17,050	19,145	–	18,669	14,018	5,894	2,865
Sport and recreation		–	–	0	–	–	–	1,937	130	130	130
Public safety		–	–	206	–	–	–	206	1,739	1,739	1,739
Housing		–	–	13	124,121	131,870	–	47,916	8	7	7
Health		–	–	–	–	–	–	–	–	–	–
Economic and environmental services		**–**	**–**	**54,982**	**54,107**	**48,622**	**–**	**65,154**	**79,282**	**32,664**	**34,076**
Planning and development		–	–	21,490	14,679	14,311	–	21,588	38,468	11,497	7,193
Road transport		–	–	33,367	39,428	34,311	–	43,442	40,118	20,471	26,188
Environmental protection		–	–	124	–	–	–	124	696	696	696
Trading services		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**31,272**	**37,768**	**40,838**
Energy sources		–	–	–	–	–	–	–	28,857	36,096	39,601
Water management		–	–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–	–
Waste management		–	–	–	–	–	–	–	2,415	1,672	1,237
Other		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**7,161**	**–**	**–**
Total Capital Expenditure - Functional	3	**–**	**–**	**73,176**	**196,159**	**200,733**	**57,493**	**135,373**	**134,794**	**79,070**	**80,523**
Funded by:											
National Government		–	–	71,952	57,301	57,301	57,301	57,301	88,013	49,887	56,073
Provincial Government		–	–	745	124,862	124,862	–	77,907	6,435	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–
Other transfers and grants		–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	4	**–**	**–**	**72,697**	**182,163**	**182,163**	**57,301**	**135,208**	**94,448**	**49,887**	**56,073**
Borrowing	6	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**6,087**	**16,567**	**13,123**
Internally generated funds		**–**	**–**	**479**	**13,995**	**18,569**	**192**	**165**	**34,259**	**12,616**	**11,326**
Total Capital Funding	7	**–**	**–**	**73,176**	**196,159**	**200,733**	**57,493**	**135,373**	**134,794**	**79,070**	**80,523**

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

- Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
- The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
- Single-year capital expenditure has been appropriated at (Excl VAT) R 134.7 million for the 2019/20 financial year.
- Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
- The capital programme is funded from capital and provincial grants and transfers and internally generated funds

Table 13 MBRR Table A6 - Budgeted Financial Position

KZN216 Ray Nkonyeni - Table A6 Budgeted Financial Position

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
ASSETS											
Current assets											
Cash		–	–	(8,226)	(174,761)	(97,652)	71,012	80,117	93,943	164,572	165,501
Call investment deposits	1	–	–	73,233	–	–	62,503	73,233	–	–	–
Consumer debtors	1	–	–	183,005	129,893	140,043	268,294	248,315	(152,363)	(151,682)	(150,983)
Other debtors		–	–	74,436	108,039	18,153	71,962	75,816	17,219	8,680	8,708
Current portion of long-term receivables		–	–	3,453	–	–	3,453	3,453	–	–	–
Inventory	2	–	–	15,168	–	–	7,141	5,810	–	–	–
Total current assets		**–**	**–**	**341,068**	**63,171**	**60,545**	**484,365**	**486,742**	**(41,201)**	**21,571**	**23,225**
Non current assets											
Long-term receivables		–	–	6,655	–	–	6,655	6,655	–	–	–
Investments		–	–	–	–	–	–	–	–	–	–
Investment property		–	–	–	–	–	–	–	–	–	–
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	–	–	1,472,577	161,131	168,753	1,605,973	1,501,229	81,944	23,439	21,453
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		–	–	–	–	–	–	–	–	–	–
Other non-current assets		–	–	424,472	–	–	188,684	188,684	1,600	730	730
Total non current assets		**–**	**–**	**1,903,704**	**161,131**	**168,753**	**1,801,312**	**1,696,567**	**83,544**	**24,170**	**22,184**
TOTAL ASSETS		**–**	**–**	**2,244,771**	**224,301**	**229,298**	**2,285,676**	**2,183,310**	**42,343**	**45,741**	**45,409**
LIABILITIES											
Current liabilities											
Bank overdraft	1	–	–	–	–	–	–	–	–	–	–
Borrowing	4	–	–	9,995	–	–	7,902	9,995	(7,252)	(7,252)	(7,252)
Consumer deposits		–	–	23,108	–	–	23,580	23,255	200	200	200
Trade and other payables	4	–	–	161,882	–	–	136,737	114,628	(119,747)	(90,209)	(86,937)
Provisions		–	–	4,990	–	–	4,990	4,990	–	–	–
Total current liabilities		**–**	**–**	**199,975**	**–**	**–**	**173,210**	**152,867**	**(126,799)**	**(97,261)**	**(93,989)**
Non current liabilities											
Borrowing		–	–	11,236	–	–	11,164	11,164	9,500	21,702	17,901
Provisions		–	–	128,141	–	–	128,141	128,141	–	–	–
Total non current liabilities		**–**	**–**	**139,377**	**–**	**–**	**139,305**	**139,305**	**9,500**	**21,702**	**17,901**
TOTAL LIABILITIES		**–**	**–**	**339,352**	**–**	**–**	**312,515**	**292,172**	**(117,299)**	**(75,559)**	**(76,088)**
NET ASSETS	5	**–**	**–**	**1,905,419**	**224,301**	**229,298**	**1,973,161**	**1,891,137**	**159,642**	**121,300**	**121,497**
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		–	(219,349)	1,568,302	81,384	79,918	1,699,534	1,776,588	149,073	109,848	121,496
Reserves	4	–	–	112,917	–	–	112,917	112,917	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	**–**	**(219,349)**	**1,681,219**	**81,384**	**79,918**	**1,812,452**	**1,889,505**	**149,073**	**109,848**	**121,496**

Explanatory notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves understand ability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- Call investments deposits;
- Consumer debtors;
- Property, plant and equipment;
- Trade and other payables;
- Provisions non -current;
- Changes in net assets; and
- Reserves

The statement of financial position shows that the municipality is financially health as assets exceeds liabilities.

Table 14 MBRR Table A7 - Budgeted Cash Flow Statement

KZN216 Ray Nkonyeni - Table A7 Budgeted Cash Flows

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		–	–	247,704	386,158	372,050	374,602	57,371	561,368	587,588	615,404
Service charges		–	–	117,122	292,528	296,388	151,906	31,190	230,817	242,305	254,483
Other revenue		–	–	30,384	138,726	60,562	60,879	22,141	28,557	39,953	42,886
Government - operating	1	–	–	258,802	218,970	221,763	194,844	87,009	340,389	331,260	343,882
Government - capital	1	–	–	86,798	197,500	207,587	101,887	42,030	117,440	87,638	94,026
Interest		–	–	16,196	20,659	17,589	21,154	(11,180)	23,824	25,152	26,665
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		–	–	(551,882)	(883,821)	(814,557)	(723,861)	(106,986)	(1,052,036)	(1,071,161)	(1,119,494)
Finance charges		–	–	–	–	–	(1,625)	–	(2,500)	(2,650)	(2,809)
Transfers and Grants	1	–	–	(39,126)	(4,705)	(5,570)	(439)	(973)	(7,951)	(7,758)	(4,795)
NET CASH FROM/(USED) OPERATING ACTIVITIES		–	–	165,998	366,015	355,812	179,348	120,602	239,908	232,327	250,249
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		–	–	–	–	–	–	–	1,000	–	–
Decrease (Increase) in non-current debtors		–	–	(6,655)	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables		–	–	(424,472)	–	–	235,788	235,788	(1,600)	(730)	(730)
Decrease (increase) in non-current investments		–	–	–	–	–	–	–	–	–	–
Payments											
Capital assets		–	–	(82,896)	(223,131)	(227,653)	(57,493)	(161,710)	(133,194)	(78,339)	(79,792)
NET CASH FROM/(USED) INVESTING ACTIVITIES		–	–	(514,022)	(223,131)	(227,653)	178,294	74,077	(133,794)	(79,070)	(80,523)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	(3,453)	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	21,231	–	–	–	–	(7,252)	(7,252)	(7,252)
Increase (decrease) in consumer deposits		–	–	23,108	–	–	472	146	200	200	200
Payments											
Repayment of borrowing		–	–	–	–	–	(2,164)	(72)	2,248	14,450	10,649
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	–	40,886	–	–	(1,692)	74	(4,804)	7,398	3,597
NET INCREASE/ (DECREASE) IN CASH HELD		–	–	(307,138)	142,884	128,158	355,949	194,754	101,310	160,655	173,323
Cash/cash equivalents at the year begin:	2	–	–	–	(160,388)	(333,417)	65,006	65,006	–	101,310	261,966
Cash/cash equivalents at the year end:	2	–	–	(307,138)	(17,504)	(205,258)	420,956	259,760	101,310	261,966	435,289

Table 15 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

KZN216 Ray Nkonyeni - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Cash and investments available											
Cash/cash equivalents at the year end	1	–	–	(307,138)	(17,504)	(205,258)	420,956	259,760	101,310	261,966	435,289
Other current investments > 90 days		–	–	372,144	(157,257)	107,606	(287,441)	(106,411)	(7,367)	(97,393)	(269,788)
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		–	–	65,006	(174,761)	(97,652)	133,515	153,349	93,943	164,572	165,501
Application of cash and investments											
Unspent conditional transfers		–	–	8,787	–	–	16,986	0	(107,153)	(82,816)	(79,400)
Unspent borrowing		–	–	–	–	–	–		–	–	–
Statutory requirements	2										
Other working capital requirements	3	–	–	(27,912)	(265,331)	(172,697)	(181,196)	(96,120)	144,863	159,189	156,526
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		–	–	(19,125)	(265,331)	(172,697)	(164,210)	(96,120)	37,710	76,373	77,126
Surplus(shortfall)		–	–	84,132	90,570	75,045	297,726	249,470	56,233	88,199	88,375

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.

2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the Municipality are not stabilized over the MTREF and prior years.
4. It can be seen that in 2019/20 the cash flow start to turn around and improves again.
5. The 2019/20 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
6. Cash flow reflect a positive balance after defraying all the expenditure for the financial year.

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

a. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
b. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
c. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
d. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
e. From the table it can be seen that for the municipality is operating at a surplus.
f. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2019/20 MTREF was funded as it reflect a positive balance in funding measurement.
g. This reflects that the budget will be able to pay it expenditure for the current year and also be able to pay it obligations. It is assumed that all grants will be spend 100% and if not it is cash backed since our budget reflect a positive after all the current years expenditure paid and it liabilities.
h. As part of the budgeting and planning guidelines that informed the compilation of the 2019/20 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 16 MBRR Table A9 - Asset Management

KZN216 Ray Nkonyeni - Table A9 Asset Management

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CAPITAL EXPENDITURE										
Total New Assets	1	–	–	**106,826**	**201,581**	**201,214**	–	**114,333**	**72,461**	**67,827**
Roads Infrastructure		–	–	9,678	22,364	18,119	–	35,043	14,739	9,195
Storm water Infrastructure		–	–	8,850	4,123	1,923	–	7,691	5,217	8,696
Electrical Infrastructure		–	–	13,970	24,323	25,138	–	26,626	34,323	37,828
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	1,739	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	***32,497***	***50,809***	***45,180***	–	***71,100***	***54,280***	***55,718***
Community Facilities		–	–	32,712	19,498	17,691	–	21,029	8,696	3,478
Sport and Recreation Facilities		–	–	4,907	1,828	1,233	–	1,739	435	–
Community Assets		–	–	***37,619***	***21,325***	***18,924***	–	***22,768***	***9,130***	***3,478***
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	1,082	2,295	2,035	–	11,611	3,913	3,478
Housing		–	–	33,799	123,225	130,654	–	–	–	–
Other Assets		–	–	***34,881***	***125,520***	***132,689***	–	***11,611***	***3,913***	***3,478***
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	1,600	730	730
Intangible Assets		–	–	–	–	–	–	***1,600***	***730***	***730***
Computer Equipment		–	–	**422**	**1,069**	**1,769**	–	**2,736**	**1,967**	**1,968**
Furniture and Office Equipment		–	–	**639**	**1,487**	**1,399**	–	**1,936**	**1,205**	**1,219**
Machinery and Equipment		–	–	**767**	**1,370**	**1,253**	–	**2,581**	**1,236**	**1,236**
Transport Assets		–	–	–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Renewal of Existing Assets	2	–	–	**12,156**	**11,502**	**14,203**	–	**8,870**	**5,739**	**10,957**
Roads Infrastructure		–	–	11,250	8,402	12,303	–	6,087	3,478	8,696
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	635	1,800	1,200	–	1,565	1,565	1,565
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	271	1,300	700	–	696	696	696
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	***12,156***	***11,502***	***14,203***	–	***8,348***	***5,739***	***10,957***
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		–	–	–	–	–	–	–	–	–
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	–	–	–	522	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		–	–	–	–	–	–	***522***	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment		–	–	–	–	–	–	–	–	–
Transport Assets		–	–	–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–

Explanatory notes to Table A9 - Asset Management

1 Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2 National Treasury has recommended that municipalities should allocate at least 40 per cent of the capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. However due to the fact that there is a lack of infrastructure in the municipality .Major part of funds are injected to new capital projects, it does not meet this recommendation and funds are directed to new and existing capital asset and while 3.2% to repairs and maintenance.

Basic Service Delivery Measurement

1 The municipality does not provide services such as water, sanitation, energy and refuse removal.
2 Water and sanitation is provided by UGu District municipality, energy is supplied both by municipality and Eskom.
3 Refuse removal is done in urban area and the rural part of the municipality uses its own dump site.
4 Service delivery Non- financial information is available in the IDP document.

Assumptions used in preparation of the budget over the MTREF

Collection and expenditure rates

Property rates	98%
Penalties and Collection Charges	95%
Electricity	95%
Refuse Removal	95%
Rental of facilities	95%
Interest earned in investment	100%
Interest earned on outstanding debts	95%
Fines	7.2%
Licenses and Permits	95%
Agency Fees	100%
Transfers and Grants – operational	100%
Transfers and Grants – Capital	100%
Other revenue	80%
Expenditure	
Employee related cost	100%
Remuneration of councilors	100%
Debt impairment	100%
Bulk Purchases	95%
Finance Charges	100%
Contracted services	95%
Transfers and Grants	100%
Other Expenditure	90%

Oher Material	98%

Capital performance =100%

Year-end accruals =10% of total operating budget

=15% of capital budget

Provisions =10%

Part 3: Supporting Documentation

Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aim of the Budget Steering Committee is to ensure:

1 that the process followed to compile the budget complies with legislation and good budget practices;
2 that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
3 That the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and that the various spending priorities of the different municipal departments are properly evaluated and prioritized in the allocation of resources.

Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2011) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required IDP and budget time schedule on 29 August 2018. Key dates applicable to the process were:

July 2018– Prepare joint process plan for IDP, PMS and Budget and advertise draft IDFP review;

August 2018–Submit process plan to IDP forum, portfolio committees and council. Liaise with national and provincial governments for planning and budgeting process;
September 2018– Assessment of objectives, strategies and projects against cross cutting issues. Assessment of alignment of IDP strategies & projects for medium term in relation to NSDP and PGDF. Determine funding availability & requirements per sector plan and where relevant prepare business plan/ terms of reference and roll out accordingly;
October 2018 – Review and confirm objectives, strategies and projects at IDPRF workshop. Review capital, institutional, operational, maintenance projects. Estimate available resources and provide guidance for way forward for budgeting;
November 2018–Submit revised projects to Treasury. Submit first Draft IDP to IDP steering committee and council for in principle approval
December 2018 – Submit budget instructions and 2019/20 budget framework to all relevant persons. Submit draft IDP to COGTA for assessment. Preparation of summary of available funds (internal and external);
January 2019 - Council considers the 2018/2019 Mid-year Review and Adjustments Budget;
February 2019 – Assess financial feasibility of proposed new projects based on existing and potential funds. Consideration of draft budget;
March 2019 - Tabling in Council of the draft 2019/20 IDP and 2019/20 Draft MTREF for public consultation;
April 2019 – Public consultation;
May2019 –Finalisation of the 2019/20 IDP and 2019/20 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and tabling of the 2019/20 MTREF before Council for consideration and approval.

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council. These are the IDP and Budget process schedule for individual municipalities and both municipality did not deviate from processes.

IDP and Service Delivery and Budget Implementation Plan

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fifth revision cycle included the following key IDP processes and deliverables:

Registration of community needs;
Compilation of departmental business plans including key performance indicators and targets;
Financial planning and budgeting process;
Public participation process;
Compilation of the SDBIP, and
The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2019/20 budget, based on the approved 2018/19 Budget, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2019/20 budget, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2019/20 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

Financial Modelling and Key Planning Drivers

As part of the compilation of the 2019/20 budget, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2019/20 budget:

Municipality growth
Policy priorities and strategic objectives
Asset maintenance
Economic climate and trends (i.e. inflation)
Performance trends
The approved 2018/19 adjustments budget and performance against the SDBIP
Cash Flow Management Strategy
Debtor payment levels
Investment possibilities
The need for tariff increases versus the ability of the community to pay for services;
Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 89 and 91 has been taken into consideration in the planning and prioritisation process.

Community Consultation

The Table 2019/20 Budget as tabled before Council on 29 March 2019 for community consultation has been published on the municipality's website and hard copies has been made available at municipal offices and other community centres. In addition budget road shows will held in different municipal clusters. Inputs were also collected via suggestion box and e-mails.

All documents in the appropriate format (electronic and printed) will provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees were utilised to facilitate the community consultation process during April. The applicable dates and venues were published in the local newspapers. Imbizo's will be held to further ensure transparency and interaction. Other stakeholders involved in the consultation will include churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects has been addressed, as part of the 2019/20 final budget.

Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality's strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

Green Paper on National Strategic Planning of 2009;
Government Programme of Action;
Development Facilitation Act of 1995;
Provincial Growth and Development Strategy (GGDS);
National and Provincial spatial development perspectives;
Relevant sector plans such as transportation, legislation and policy;
National Key Performance Indicators (NKPIs);
Accelerated and Shared Growth Initiative (ASGISA);
National Development Plan (NDP)
National Spatial Development Perspective (NSDP) and
The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent

with its IDP. The following table highlights the IDP's six strategic objectives for the 2019/20 Budget and further planning refinements that have directly informed the compilation of the budget:

IDP Strategic Objectives

2019/20 Financial Year
1. Financial Viability
2. Basic Service delivery and infrastructure
3. Good governance and public participation
4. Local economic Development
5. Municipal transformation and institutional development
6. Spatial analysis and environmental management

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

The 2019/20 Budget has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table SA3 Detail financial position

KZN216 Ray Nkonyeni - Supporting Table SA3 Supportinging detail to 'Budgeted Financial Position'

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
ASSETS											
Call investment deposits											
Call deposits		–	–	73,233	–	–	62,503	73,233	–	–	–
Other current investments		–	–	–	–	–	–	–	–	–	–
Total Call investment deposits	2	–	–	73,233	–	–	62,503	73,233	–	–	–
Consumer debtors											
Consumer debtors		–	–	183,005	129,893	140,043	268,294	248,315	(152,363)	(151,682)	(150,983)
Less: Provision for debt impairment		–	–	–	–	–	–	–	–	–	–
Total Consumer debtors	2	–	–	183,005	129,893	140,043	268,294	248,315	(152,363)	(151,682)	(150,983)
Debt impairment provision											
Balance at the beginning of the year											
Contributions to the provision		–	–	–	–	–	–	–	–	–	–
Bad debts written off											
Balance at end of year		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		–	–	2,709,341	223,131	227,653	2,681,219	2,652,377	133,194	78,339	79,792
Leases recognised as PPE	3	–	–	–	–	–	–	–	–	–	–
Less: Accumulated depreciation		–	–	1,236,763	62,000	58,900	1,075,246	1,151,149	51,250	54,900	58,339
Total Property, plant and equipment (PPE)	2	–	–	1,472,577	161,131	168,753	1,605,973	1,501,229	81,944	23,439	21,453
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)		–	–	9,995	–	–	7,902	9,995	(7,252)	(7,252)	(7,252)
Current portion of long-term liabilities		–	–	–	–	–	–	–	–	–	–
Total Current liabilities - Borrowing		–	–	9,995	–	–	7,902	9,995	(7,252)	(7,252)	(7,252)
Trade and other payables											
Trade Payables	5	–	–	147,228	–	–	113,847	108,531	(12,594)	(7,393)	(7,537)
Other creditors		–	–	–	–	–	–	–	–	–	–
Unspent conditional transfers		–	–	8,787	–	–	16,986	0	(107,153)	(82,816)	(79,400)
VAT		–	–	5,867	–	–	5,905	6,097	–	–	–
Total Trade and other payables	2	–	–	161,882	–	–	136,737	114,628	(119,747)	(90,209)	(86,937)
Non current liabilities - Borrowing											
Borrowing	4	–	–	11,164	–	–	11,164	11,164	9,500	21,702	17,901
Finance leases (including PPP asset element)		–	–	72	–	–	–	–	–	–	–
Total Non current liabilities - Borrowing		–	–	11,236	–	–	11,164	11,164	9,500	21,702	17,901
Provisions - non-current											
Retirement benefits		–	–	–	–	–	–	–	–	–	–
List other major provision items											
Refuse landfill site rehabilitation		–	–	35,093	–	–	924	924	–	–	–
Other		–	–	93,048	–	–	127,217	127,217	–	–	–
Total Provisions - non-current		–	–	128,141	–	–	128,141	128,141	–	–	–
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		–	–	1,596,588	–	–	1,568,606	1,568,299	–	–	–
GRAP adjustments											
Restated balance		–	–	1,596,588	–	–	1,568,606	1,568,299	–	–	–
Surplus/(Deficit)		–	(219,349)	(28,287)	81,384	79,918	130,929	208,134	149,073	109,848	121,496
Appropriations to Reserves		–	–	–	–	–	–	155	–	–	–
Transfers from Reserves		–	–	–	–	–	–	–	–	–	–
Depreciation offsets											
Other adjustments											
Accumulated Surplus/(Deficit)	1	–	(219,349)	1,568,302	81,384	79,918	1,699,534	1,776,588	149,073	109,848	121,496
Reserves											
Housing Development Fund		–	–	7,088	–	–	7,088	7,088	–	–	–
Capital replacement		–	–	–	–	–	–	–	–	–	–
Self-insurance		–	–	–	–	–	–	–	–	–	–
Other reserves		–	–	608	–	–	608	608	–	–	–
Revaluation		–	–	105,222	–	–	105,222	105,222	–	–	–
Total Reserves	2	–	–	112,917	–	–	112,917	112,917	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	–	(219,349)	1,681,219	81,384	79,918	1,812,452	1,889,505	149,073	109,848	121,496

Explanatory notes to Table SA3

This table is a supporting table to table A6 and it has detailed information that is summarized in table A6.

Table SA4 Reconciliation of IDP strategic objectives and Budget

KZN216 Ray Nkonyeni - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Good Governance and Public Participation	Clean administration & sound public participation					105,758	120,850	127,376		120,704	120,978	127,608
						–						
						–						
Basic Service delivery and Infrastructure	Electricty , Roads , Housing and accelerate capital expenditure					225,018	226,684	238,925		226,410	226,922	239,360
						10,443	6,698	7,060		6,690	6,705	7,073
Local Economic Development	Youth empowerment,LED strategy ,supporting SMMEs					8,272	7,550	7,958		7,541	7,558	7,972
						–						
						–						
						–						
Municipal Financial Viability and Management	Sound financial management					404,440	404,757	426,614		404,268	405,183	427,391
						–						
Spatial and Environment	Health hygienically safe environment					64,059	22,814	24,046		22,786	22,838	24,090
	Public Safety					22,978	221,783	94,138		221,515	222,016	234,185
	Community Facilities					12,575	26,493	27,924		26,461	26,521	27,974
Cross Cutting Issues	Combating climate change and ensuring sustainable development and resilient communities					91,617	132,034	147,801		131,875	132,173	139,417
	Facilitating Spatial Integration and Development of Sustainable Human Settlements											
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	–	–	**945,160**	**1,169,664**	**1,101,841**	–	**1,168,251**	**1,170,894**	**1,235,070**

Table SA8 performance indicators

KZN216 Ray Nkonyeni - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	0.1%	0.0%	-1.1%	-0.7%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	0.0%	0.0%	-1.6%	-1.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	174.3%	0.0%	0.0%	0.0%	0.0%	-18.0%	-24.8%	-29.7%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	10.0%	0.0%	0.0%	9.9%	9.9%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	–	–	1.7	–	–	2.8	3.2	0.3	(0.2)	(0.2)
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	–	–	1.7	–	–	2.8	3.2	0.3	(0.2)	(0.2)
Liquidity Ratio	Monetary Assets/Current Liabilities	–	–	0.3	–	–	0.8	1.0	(0.7)	(1.7)	(1.8)
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.0%	0.0%	-12.0%	114.3%	112.5%	124.6%	210.8%	123.6%	122.3%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0.0%	0.0%	66.0%	114.3%	112.5%	86.1%	57.6%	123.8%	122.4%	121.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0.0%	0.0%	31.2%	24.5%	17.7%	39.4%	132.7%	-12.9%	-13.2%	-12.5%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within`MFMA' s 65(e))										
Creditors to Cash and Investments		0.0%	0.0%	-47.9%	0.0%	0.0%	27.0%	41.8%	-12.4%	-2.8%	-1.7%

Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW) Total Cost of Losses (Rand '000) % Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ) Total Cost of Losses (Rand '000) % Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	0.0%	0.0%	41.7%	37.0%	42.4%	37.7%	12.0%	36.5%	39.4%	39.9%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	46.0%	41.3%	46.7%	2.9%		39.2%	42.3%	42.8%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		3.8%	3.9%	3.9%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	0.0%	15.7%	6.4%	6.6%	0.2%	0.0%	5.1%	5.3%	5.4%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	–	–	29.0	42.8	42.8	42.8	7.6	66.3	47.0	49.8
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.0%	0.0%	47.0%	39.8%	26.5%	55.9%	202.3%	-21.0%	-21.0%	-19.7%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	–	–	(4.6)	(0.2)	(2.8)	6.7	37.0	1.4	3.5	5.5

Table SA13b Service Tariffs by Category

KZN216 Ray Nkonyeni - Supporting Table SA13b Service Tariffs by category - explanatory

Description	Ref	Provide description of tariff structure where appropriate	2015/16	2016/17	2017/18	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework		
							Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Exemptions, reductions and rebates *(Rands)*									
rates				10,652,831	22,525,449	22,449,157	23,661,411	24,962,789	26,460,556
				2,645,860	-	-	-	-	-
				25,845,000	26,098,493	-	-	-	-
				7,314,629	38,440,018	40,090,927	42,255,837	44,579,908	47,254,703

Table SA14 Households Bills

KZN216 Ray Nkonyeni - Supporting Table SA14 Household bills

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Rand/cent							% incr.			
Monthly Account for Household - 'Middle Income										
Rates and services charges:										
Property rates		21,075,684.07	21,813,333.01	21,813,333.01	21,813,333.01	0.05	2,212,946,800.0%	23,324,459.00	24,607,305.00	26,083,743.30
Electricity: Basic levy										–
Electricity: Consumption		267,640.36	277,007.78	277,007.78	277,007.78	0.07	29,584,431.0%	311,819.90	328,969.99	348,708.19
Water: Basic levy										–
Water: Consumption										–
Sanitation										–
Refuse removal		2,651,131.90	2,743,921.51	2,743,921.51	2,743,921.51	0.05	288,660,543.0%	3,042,482.12	3,209,818.64	3,402,407.76
Other										
sub-total	**–**	**23,994,456.33**	**24,834,262.30**	**24,834,262.30**	**24,834,262.30**	**0.17**	**7.4%**	**26,678,761.02**	**28,146,093.63**	**29,834,859.25**
VAT on Services										
Total large household bill:	**–**	**23,994,456.33**	**24,834,262.30**	**24,834,262.30**	**24,834,262.30**	**0.17**	**7.4%**	**26,678,761.02**	**28,146,093.63**	**29,834,859.25**
% increase/-decrease		**–**	**3.5%**	**–**	**–**	**(100.0%)**		**15,656,549,794.4%**	**5.5%**	**6.0%**

Table SA15 Investment particulars

KZN216 Ray Nkonyeni - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank			66,888	37,144	37,144	37,144	60,317	146,068	110,126	117,432
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	–	**66,888**	**37,144**	**37,144**	**37,144**	**60,317**	**146,068**	**110,126**	**117,432**

Table SA17 Borrowings

KZN216 Ray Nkonyeni - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Parent municipality										
Annuity and Bullet Loans								7,000	19,052	15,092
Long-Term Loans (non-annuity)				21,159	21,577	21,577		11,164		
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	–	–	**21,159**	**21,577**	**21,577**	–	**18,164**	**19,052**	**15,092**
Entities										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total	1	–	–	–	–	–	–	–	–	–
Total Borrowing	1	–	–	**21,159**	**21,577**	**21,577**	–	**18,164**	**19,052**	**15,092**

Table SA18 Transfers and Grants Receipts

KZN216 Ray Nkonyeni - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		–	–	208,752	212,985	212,985	–	212,513	224,456	243,076
Local Government Equitable Share		–	–	175,566	185,324	185,324	–	205,608	222,456	241,076
Finance Management		–	–	3,600	3,600	3,600	–	2,500	2,000	2,000
EPWP Incentive		–	–	3,306	4,061	4,061	–	4,405	–	–
Energy Efficiency and Demand Management		–	–	4,000	6,000	6,000	–	–	–	–
Integrated National Electrification Programme		–	–	14,000	14,000	14,000	–	–	–	–
		–	–	–	–	–	–	–	–	–
Municipal Dermacation Transition Grant		–	–	8,280	–	–	–	–	–	–
Provincial Government:		–	–	52,900	19,953	19,953	–	125,527	105,427	99,347
Housing		–	–	34,926	–	–	–	107,153	86,316	79,400
Housing		–	–	5,082	4,337	4,337	–	4,520	4,520	4,520
Sport and Recreation		–	–	11,292	12,600	12,600	–	13,854	14,591	15,427
		–	–	–	–	–	–	–	–	–
MIG - Operational		–	–	1,600	3,016	3,016	–	–	–	–
District Municipality:		–	–	–	144	144	–	–	–	–
Ugu Grant		–	–	–	144	144	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	683	1,225	2,725	–	2,749	1,377	1,459
Mandatory Grant /WSP		–	–	683	1,225	2,725	–	1,299	1,377	1,459
EDTEA GRANT								400		
TETA GRANT		–	–	–	–	–	–	1,050	–	–
Total Operating Transfers and Grants	5	–	–	262,335	234,307	235,807	–	340,789	331,260	343,882
Capital Transfers and Grants										
National Government:		–	–	62,615	57,301	57,301	–	107,040	84,464	97,375
Municipal Infrastructure Grant (MIG)		–	–	62,615	57,301	57,301	–	80,040	64,964	69,875
Neighbourhood Development Partnership		–	–	–	–	–	–	10,000	2,500	3,500
Integrated National Electrification Programme		–	–	–	–	–	–	9,000	9,000	15,000
Energy Efficiency and Demand Management		–	–	–	–	–	–	8,000	8,000	9,000
		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert desc]		–	–	–	–	–	–	–	–	–
Provincial Government:		–	–	20,147	124,862	139,286	–	10,000	3,174	3,349
Human Settlement		–	–	20,147	121,862	136,286	–	7,000	–	–
Margate Airport Grant					3,000	3,000		3,000	3,174	3,349
District Municipality:		–	–	–	–	–	–	–	–	–
Ugu Grant		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	1,000	–	–
DBSA GRANT		–	–	–	–	–	–	1,000	–	–
		–	–	–	–	–	–	–	–	–
Total Capital Transfers and Grants	5	–	–	82,762	182,163	196,587	–	118,040	87,638	100,724
TOTAL RECEIPTS OF TRANSFERS & GRANTS		–	–	345,097	416,470	432,394	–	458,829	418,898	444,606

Explanatory notes to Table SA18 Grants and subsidies Receipts

1. This table reflects all expected grants receipts from national, provincial and other organization.

2. National treasury and provincial treasury grants are gazette in DORA and provincial gazette.

Table SA 19 Grants and subsidies Expenditure

KZN216 Ray Nkonyeni - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		–	–	**208,752**	**212,985**	**212,985**	–	**212,513**	**224,456**	**243,076**
Local Government Equitable Share				175,566	185,324	185,324	–	205,608	222,456	241,076
Finance Management				3,600	3,600	3,600	–	2,500	2,000	2,000
EPWP Incentive				3,306	4,061	4,061	–	4,405	–	–
Energy Efficiency and Demand Management				4,000	6,000	6,000	–	–	–	–
Integrated National Electrification Programme				14,000	14,000	14,000	–	–	–	–
				–	–	–	–	–	–	–
Municipal Dermacation Transition Grant				8,280	–	–	–	–	–	–
Provincial Government:		–	–	**52,900**	**19,953**	**19,953**	–	**125,527**	**105,427**	**99,347**
Housing				34,926	–	–	–	107,153	86,316	79,400
Housing				5,082	4,337	4,337	–	4,520	4,520	4,520
Sport and Recreation				11,292	12,600	12,600	–	13,854	14,591	15,427
				–	–	–	–	–	–	–
MIG - Operational				1,600	3,016	3,016	–	–	–	–
District Municipality:		–	–	–	**144**	**144**	–	–	–	–
Ugu Grant				–	144	144	–	–	–	–
Other grant providers:		–	–	**683**	**1,225**	**2,725**	–	**2,749**	**1,377**	**1,459**
Mandatory Grant /WSP				683	1,225	2,725	–	1,299	1,377	1,459
EDTEA GRANT								400		
TETA GRANT				–	–	–	–	1,050	–	–
Total operating expenditure of Transfers and Grants		–	–	**262,335**	**234,307**	**235,807**	–	**340,789**	**331,260**	**343,882**
Capital expenditure of Transfers and Grants										
National Government:		–	–	**62,615**	**57,301**	**57,301**	–	**107,040**	**84,464**	**97,375**
Municipal Infrastructure Grant (MIG)				62,615	57,301	57,301	–	80,040	64,964	69,875
Neighbourhood Development Partnership				–	–	–	–	10,000	2,500	3,500
Integrated National Electrification Programme				–	–	–	–	9,000	9,000	15,000
Energy Efficiency and Demand Management				–	–	–	–	8,000	8,000	9,000
				–	–	–	–	–	–	–
Other capital transfers/grants [insert desc]										
Provincial Government:		–	–	**20,147**	**121,862**	**136,286**	–	**10,000**	**3,174**	**3,349**
Human Settlement				20,147	121,862	136,286	–	7,000	–	–
Margate Airport Grant					3,000	3,000		3,000	3,174	3,349
District Municipality:		–	–	–	–	–	–	–	–	–
Ugu Grant										
Other grant providers:		–	–	–	–	–	–	**1,000**	–	–
DBSA GRANT								1,000	–	–
Total capital expenditure of Transfers and Grants		–	–	**82,762**	**179,163**	**193,587**	–	**118,040**	**87,638**	**100,724**
TOTAL EXPENDITURE OF TRANSFERS AND GRANT		–	–	**345,097**	**413,470**	**429,394**	–	**458,829**	**418,898**	**444,606**

Table SA20 Reconciliation of transfers, grant receipts and unspent funds

KZN216 Ray Nkonyeni - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts				208,752	212,985	212,985	–	212,513	224,456	243,076
Conditions met - transferred to revenue		–	–	**208,752**	**212,985**	**212,985**	–	**212,513**	**224,456**	**243,076**
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year				–	6,524	6,524	–	–	–	–
Current year receipts				52,900	19,953	19,953	–	125,527	105,427	99,347
Conditions met - transferred to revenue		–	–	**52,900**	**26,477**	**26,477**	–	**125,527**	**105,427**	**99,347**
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts				–	144	144	–			
Conditions met - transferred to revenue		–	–	–	**144**	**144**	–	–	–	–
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts				683	1,225	2,725	–	2,749	1,377	1,459
Conditions met - transferred to revenue		–	–	**683**	**1,225**	**2,725**	–	**2,749**	**1,377**	**1,459**
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		–	–	**262,335**	**240,831**	**242,331**	–	**340,789**	**331,260**	**343,882**
Total operating transfers and grants - CTBM	2	–	–	–	–	–	–	–	–	–
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts				62,615	57,301	57,301	–	107,040	84,464	97,375
Conditions met - transferred to revenue		–	–	**62,615**	**57,301**	**57,301**	–	**107,040**	**84,464**	**97,375**
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts				20,147	124,862	139,286	–	10,000	3,174	3,349
Conditions met - transferred to revenue		–	–	**20,147**	**124,862**	**139,286**	–	**10,000**	**3,174**	**3,349**
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts				–	–	–	–	1,000	–	–
Conditions met - transferred to revenue		–	–	–	–	–	–	**1,000**	–	–
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		–	–	**82,762**	**182,163**	**196,587**	–	**118,040**	**87,638**	**100,724**
Total capital transfers and grants - CTBM	2	–	–	–	–	–	–	–	–	–
TOTAL TRANSFERS AND GRANTS REVENUE		–	–	**345,097**	**422,994**	**438,918**	–	**458,829**	**418,898**	**444,606**
TOTAL TRANSFERS AND GRANTS - CTBM		–	–	–	–	–	–	–	–	–

Table SA21 Grants and Subsidy made by the Municipality

KZN216 Ray Nkonyeni - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Non-Cash Transfers to other municipalities											
Ugu S C Tourism & HC Development Agency, africa bike, Ugu Jazz, Dougla	1	-	-	39,126	-	-	-	973	8,025	7,988	8,768
Ugu South Coast Tourism					2,653	2,796	2,950		2,006	2,120	2,247
Adhoc grant in applic					200	211	222		200	212	225
NGO's					400	422	445		470	498	528
South Coast Bike Festival					1,000	500	500		500	500	500
Ugu Jazz Festival					500	500	500		300	300	300
Masikandi Festival					250	250	250		250	265	281
South African Womens Open Golf & Golf Academy					900	900	900		950	1,100	1,210
Total Non-Cash Transfers To Municipalities:		-	-	39,126	5,903	5,579	5,767	973	12,701	12,983	14,059

Table SA22 Councilors and Staff Benefits

KZN216 Ray Nkonyeni - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other	1									
Basic Salaries and Wages		–	–	21,438	27,872	24,351	21,642	26,026	27,587	29,242
Pension and UIF Contributions		–	–	–	–	–	–	–	–	–
Medical Aid Contributions		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance		–	–	2,600	–	–	–	–	–	–
Cellphone Allowance		–	–	1,916	3,071	4,505	4,006	2,897	3,071	3,255
Housing Allowances		–	–	–	–	–	–	–	–	–
Other benefits and allowances		–	–	–	–	–	–	–	–	–
Sub Total - Councillors		**–**	**–**	**25,954**	**30,943**	**28,856**	**25,647**	**28,922**	**30,658**	**32,497**
% increase	4		**–**	**–**	**19.2%**	**(6.7%)**	**(11.1%)**	**12.8%**	**6.0%**	**6.0%**
Senior Managers of the Municipality	2									
Basic Salaries and Wages		–	–	10,017	9,775	9,775	–	10,271	11,442	12,243
Pension and UIF Contributions		–	–	16	–	–	–	–	–	–
Medical Aid Contributions		–	–	–	–	–	–	–	–	–
Overtime		–	–	–	–	–	–	–	–	–
Performance Bonus		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance	3	–	–	–	–	–	–	–	–	–
Cellphone Allowance	3	–	–	114	84	84	–	114	128	137
Housing Allowances	3	–	–	–	–	–	–	–	–	–
Other benefits and allowances	3	–	–	245	398	398	–	–	–	–
Payments in lieu of leave		–	–	–	–	–	–	–	–	–
Long service awards		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	6	–	–	–	–	–	–	–	–	–
Sub Total - Senior Managers of Municipality		**–**	**–**	**10,392**	**10,257**	**10,257**	**–**	**10,385**	**11,570**	**12,380**
% increase	4		**–**	**–**	**(1.3%)**	**–**	**(100.0%)**	**–**	**11.4%**	**7.0%**
Other Municipal Staff										
Basic Salaries and Wages		–	–	285,503	291,065	306,356	–	307,627	336,335	359,126
Pension and UIF Contributions		–	–	1,888	2,087	1,936	–	1,945	2,242	2,397
Medical Aid Contributions		–	–	16,192	19,027	16,858	–	9,903	18,642	19,630
Overtime		–	–	18,909	14,030	19,030	–	16,211	17,182	18,200
Performance Bonus		–	–	18,903	18,176	16,707	–	20,274	20,520	21,927
Motor Vehicle Allowance	3	–	–	13,537	13,339	14,819	–	13,431	16,962	18,123
Cellphone Allowance	3	–	–	–	–	–	–	–	–	–
Housing Allowances	3	–	–	3,236	2,095	3,191	–	3,083	3,603	3,848
Other benefits and allowances	3	–	–	–	–	–	–	–	–	–
Payments in lieu of leave		–	–	–	–	–	–	–	–	–
Long service awards		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	6	–	–	–	120	–	–	–	–	–
Sub Total - Other Municipal Staff		**–**	**–**	**358,167**	**359,939**	**378,898**	**–**	**372,474**	**415,485**	**443,251**
% increase	4		**–**	**–**	**0.5%**	**5.3%**	**(100.0%)**	**–**	**11.5%**	**6.7%**
Total Parent Municipality		**–**	**–**	**394,513**	**401,140**	**418,011**	**25,647**	**411,781**	**457,713**	**488,128**

Explanatory notes to Table SA22 Councilors and Staff Benefits

1. The remuneration of councilors and staff are as per the councilor's upper limit approved by the MEC and staff as per SALGA respectively.

Table SA36 List of Capital Projects

KZN216 Ray Nkonyeni - Supporting Table SA36 Detailed capital budget								
R thousand						2019/20 Medium Term Revenue & Expenditure Framework		
Function	Project Description	Project Number	Type	Audited Outcome 2017/18	Current Year 2018/19 Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Parent municipality:								
List all capital projects grouped by Function								
Transport and Roads	Shibase Road				1,478			
Transport and Roads	Kawuseni Pedestrian Bridge (Shibe to Mvolomi School)				834	2,000	750	1,000
Transport and Roads	Kawuseni Pedestrian Bridge (Godloza to Mbomvini School)				–			
Transport and Roads	Kawuseni Vehicular Bridge (Mgudlwa School)				150			
Transport and Roads	Kawuseni Vehicular Bridge (Bhuka School)				150			
Transport and Roads	Khandalesizwe to Ntshebeni Pedestrian Bridge				28			
Transport and Roads	Gadlogadla to Makhanya Road vehicular Bridge				228			
Transport and Roads	Qashela to Munga Pedestrian Bridge				228	2,500	1,000	–
Transport and Roads	Shibase Pedestrian Bridge (Near Sima's House)				228			
Transport and Roads	Ntshomela Pedestrian Bridge (Sgodaneni)				228	2,000	700	–
Transport and Roads	Esidlidlini Pedestrian Bridge (Dlovina)				228	1,500	1,000	1,324
Transport and Roads	Mjweni Pedestrain Bridge				228	1,200	500	1,000
Transport and Roads	Nyaniswe ni & Dumezweni Pedestrian Bridge				228			
Transport and Roads	Maqobo Pedestrian Bridge				228	2,000	500	1,000
Transport and Roads	Mbhele Vehicular Bridge				–			
Transport and Roads	Nonganjana Pedestrian Bridge				–			
Transport and Roads	Nsebesha Pedestrian Bridge				–			
Transport and Roads	Vulindlela Vehicular Bridge				–			
Transport and Roads	Ngqumbela Road and Causeway				–	300	1,200	250
Transport and Roads	Mahlal Vehicular Bridge				–			
Transport and Roads	Mbewu Pedestrian Bridge				–			
Transport and Roads	Manqoba Pedestrian Bridge				–			
Transport and Roads	Sodoma Pedestrian Bridge				–			
Transport and Roads	Marine Drive/ Knox Gore Traffic Signal				100			
Transport and Roads	Smith Street Upgrade				323	3,000	1,000	–
Transport and Roads	Mkanti Road				1,500	1,500	–	–
Transport and Roads	Thongazi Pedestrian Bridge				823	900	–	–
Transport and Roads	William Connor Street Steel Structures				–			
Transport and Roads	Rehabilitation of College Road Southbroom				–			
Transport and Roads	Tarring of Nositha Main Road				4,993	4,000	2,500	2,000
Transport and Roads	Mpakeni Road Upgrade & bridge				1,361			
Transport and Roads	Masele Pedestrain Bridge				27			
Transport and Roads	Mthin'Owomile Pedestrian Bridge				–			
Transport and Roads	Danca Pedestrian Bridge				–			
Transport and Roads	Nzama Pedestrian Bridge				–			
Transport and Roads	Ethangeni Pedestrian Bridge				–			
Transport and Roads	Fezile Mkhwanazi Stormwater				–	1,800	–	–
Transport and Roads	Dressing Pedestrian Bridge				365	300	–	–
Transport and Roads	Kwasithole Pedestrian / Vehicular Bridge				228	1,500	500	–
Transport and Roads	Mazubane Pedestrian Bridge				228	300	500	–
Transport and Roads	Bar to Ngwemabala Pedestrian Bridge				–	250	1,000	500
Transport and Roads	Madala to Mdlungwana Vehicular Bridge				–	1,000	500	–
Transport and Roads	Mbili Pedestrian Bridge				285	1,000	500	–
Transport and Roads	Tarring of Jesus Road				2,005	3,000	800	–
Transport and Roads	Bheki Gatsheni Pedestrian Bridge				–			
Transport and Roads	Mbili Pedestrian Bridge				–			
Transport and Roads	Shozi Pedestrian Bridge				–			
Transport and Roads	Mnganka Vehicular Bridge				56	1,200	500	–
Transport and Roads	Nqwane Pedestrian Bridge				56	300	500	–
Transport and Roads	Mazubane/Dikwe Pedestrian Bridge				–			
Transport and Roads	Port Shepstone CBD Pedestrian Crossings				500			
Transport and Roads	Acacia Road Stormwater - Seapark				300	2,000	–	–
Transport and Roads	Tarring of George Mbhele High Road				273	1,800	–	–
Transport and Roads	Louisiana Housing Storm water and ring road				911	2,045	3,000	5,000
Transport and Roads	Chibini Pedestrian Bridge				–			
Transport and Roads	Ntshambili Vehicular Bridge				–			
Transport and Roads	Banana Beach Pedestrian Bridge				182	500	1,000	500
Transport and Roads	Road Rehabilitation Piet Retief				7,746			
Transport and Roads	Road Rehabilitation Phase 7 (Tarred)				–			
Transport and Roads	Road Rehabilitation Phase 7 (Gravel)				4,557	7,000	4,000	10,000
Transport and Roads	Stormwater - Urban				400	1,500	1,500	1,500
Transport and Roads	Rural Stormwater				311	1,500	1,500	3,500
Transport and Roads	Bhosiki Hall Phase 2 - Parking and Stormwater				550	1,500	–	–
Transport and Roads	Bhobhoyi Organic Storage Facility				–			

Transport and Roads	Mvuzane road and Vehiclular Bridge				223	500	2,000	3,000
Transport and Roads	Mbhecuka Vehicular Bridge Ward 29				–	300	–	–
Transport and Roads	Mcadodo to Thundeza Walkway/Pedestrain Bridge Ward 11				–	300	–	–
Transport and Roads	Concreting of Chibini Road (Ward 26)				–	300	–	–
Transport and Roads	Msikaba Vehicular(Ward 25)				–	300	–	–
Community Services	Community Hall ward 30				3,445	2,650	1,000	–
Community Services	Community Hall ward 33				373	2,500	2,500	500
Community Services	Nkulu Community Hall Ward 36				228	350	1,500	1,000
Community Services	Community Hall Ward 34				911	2,500	2,000	–
Community Services	Community Hall Ward 9				3,645	2,500	500	–
Community Services	Dumezulu Community Hall Phase 2				200	200	1,500	2,000
Community Services	Community Hall Ward 5				734	3,000	500	500
Community Services	Community Hall Ward 3 (Masinenge)				228			
Community Services	Community Hall Ward 20				823	3,000	500	–
Community Services	Community Hall Ward 16				–			
Community Services	Sportsfield Waed 31				17			
Community Services	Thokothe Sportsfield Concrete Road				2,594			
Community Services	Upgrade of Mgolomi Sportfield Ward 4				716			
Community Services	Upgrade of Vusushaba Sportfield Ward 4				500	2,000	500	–
Community Services	Upgrade Domba/JB Sportfield Ward 14				6,945	1,000	–	–
Community Services	Outdoor GYM Facilities (Per Cluster)				–	1,000	1,000	2,000
Community Services	Staff Depot Ablution Facilities - Phase 3				200	1,000	1,000	500
Community Services	Nkonka Sportsfield				30			
Community Services	WARD 26 NEW COMMUNITY HALL				1,471			
Community Services	Bhambayi Sportsfield				50			
Community Services	DTS: Izotsha Memorial Park Crematorium				3,000	7,000	–	–
Electricity	Electrification Projects				6,000			
Electricity	Highmasts Installation				1,582	200	–	–
Electricity	Highmasts				–			
Electricity	Electrification Infills - Various Wards				8,000	9,000	9,000	15,000
Electricity	Installation of New Street Lights				1,556	1,000	1,000	2,000
Electricity	Mini Sub Housing Covers				200	300	300	300
Electricity	Electrical Cable replacement (Infrastructure)				500	500	500	500
Electricity	Mini Substations Replacement				500	1,000	1,000	1,000
Electricity	Inter Switches (RMU) Replacement				1,000	1,000	1,000	1,000
Electricity	Bulk Electrical Supply to New Developments (Within Distribution Area)				1,500	1,500	1,500	1,500
Electricity	Energy Effiecency DSM				6,000	7,920	7,920	8,910
Electricity	Oslo Beach Subs Design Package				–	3,000	–	–
Electricity	Centralized NW Control Centre for RNM				–	360	1,320	1,320
Electricity	Eskom Supply NMD Increase at P.S. Subs to 20MVA				–	1,000	–	–
Electricity	11kV Interconnect - Marburg to P.S. Subs				–	1,060	6,820	6,820
Electricity	PFC & Harmonic Study and Equipment Upgrade				–	540	3,960	–
Electricity	Memorial & Reynolds SW/STA Refurb & Replace Switchgear				–	1,040	6,952	6,952
Public Safety	Port Shestone Temporary Taxi Rank				5,383	5,383	–	–
Community Services	Port Shestone Fishing Pier				200	700	–	–
Public Safety	Dick King Parking Fencing				500	1,000	–	–
Departmental Capital (Computer, furniture & Machinery)					4,199	7,715	5,909	5,925
Municipal wade	Neighbourhood Development Partnership Grant (Ward 18)				–	10,000	2,500	3,500
Municipal wade	Rationalisation of Office Space (P/Shepstone & Uvongo)				–	3,000	–	–
Municipal wade	Airport Runway Renewal					9,000	–	–
Municipal wade	Blue Flag Facilities Refubrishment					800	800	800
Municipal wade	Marburg Motor Mechanic Workshop					1,000	1,000	–
Municipal wade	Procurement of Skips				–	300		
Municipal wade	Procurement of Christmas Lights				–	500		
Municipal wade	Office Water Tanks				–	300		
Municipal wade	Electricity Smart Meters				–	2,500		
Municipal wade	Municipal Generators				–	1,000		
Municipal wade	Margate Treasury Office Refubrishment				–	600		
Municipal wade	Margate - St Mikes Beach Promenade					2,000		
Housing	Masinenge				127,136	–	–	–
Parent Capital expenditure				**–**	**223,131**	**155,014**	**90,931**	**92,601**

Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days).

Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department, of the five interns four have been appointed permanently. The remaining two are still under the training and municipality has an obligation to replace the vacant positions of the three interns.

Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

Audit Committee

An Audit Committee is shared with other municipalities within the district and is fully functional.

Service Delivery and Implementation Plan

The detail 2019/20 draft SDBIP document will be compiled and will be tabled before council.

Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.